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ABSTRACT

This hearing was held to review the Labor Department's proposed closing of six Job Corps centers and elimination of 1,200 training slots to meet Gramm-Rudman-Hallings budget cuts. The proposed cuts will prevent 2,500 youths from participating in Job Corps training. The program, designed for disadvantaged youth and in existence for 20 years, has been successful in providing job training, remedial education skills and job placement. It is cost efficient, returning \$1.38 for every \$1 expended for trainees. In addition, the Labor Department estimates it would save \$4.1 million in closing costs by not closing the centers. Statements of 18 witnesses are included. Though most witnesses supported retention of the Job Corps centers, questions about the following also arose: 1) capacity of centers; 2) funding; 3) management; 4) distribution of openings; 5) center ratings; 6) comparison of Job Corps programs and programs of Civilian Conservation Centers; 7) close out costs; 8) construction and renovation needs and costs; and 9) female participation. The report includes information on program effectiveness and probable results of slot reductions. (PS)

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JOB CORPS CENTER CLOSINGS AND SLOT
REDUCTIONS**

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HEARING
BEFORE THE
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES
OF THE
COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES
NINETY-NINTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, MAY 15, 1986

Serial No. 99-116

Printed for the use of the Committee on Education and Labor



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JOB CORPS CENTER CLOSINGS AND SLOT REDUCTIONS

THURSDAY, MAY 15, 1986

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to call, at 10:30 a.m., in room 2261, Rayburn House Office Building, Hon. Matthew G. Martinez (chairman of the subcommittee) presiding.

Members present: Representatives Hawkins, Martinez, Williams, Perkins, Gunderson, and Henry.

Staff present: Eric Jensen, staff director; Bruce Packard, legislative assistant; and Mary Gardner, minority legislative associate.

Mr. MARTINEZ. I want to call the meeting to order.

Today's hearing of the Employment Opportunities Subcommittee is being held to review the Labor Department's proposed closing of 6 Job Corps centers and elimination of 1,200 training slots to meet Gramm-Rudman-Hollings budget cuts.

Members on both sides of the aisle and from both Houses have contacted me with their outrage over the proposed center closings and slot reductions which will prevent 2,500 youths from participating in Job Corps training.

As we all know, the Job Corps is a program designed specifically for disadvantaged youth, 80 percent of whom are dropouts from high school. This training program has been in existence for 20 years and has been proven to be successful in providing youth with job training and remedial education skills, and in placing youths in fully productive jobs. Various studies have found that the Job Corps Program is cost efficient, returning \$1.38 for every \$1 expended for trainees.

While I am sympathetic about the budget constraints which the Congress has placed upon the Department through Gramm-Rudman-Hollings, I am convinced that the Department can find savings through their pilot/demonstration and construction funds in order to meet temporary shortfalls in its budget until program year 1987 begins. In addition, the Labor Department estimates that by not closing the six centers, \$4.1 million will be saved in closing costs—costs which can then be applied toward overall program savings.

Since these youths are the heart of the human-capital oriented Job Corps, it is essential that training slots and training centers be

(1)

preserved in any cost-cutting move the Department of Labor might apply.

At this time I would like to turn to Mr. Gunderson for his opening statement.

**STATEMENT OF HON. STEVE GUNDERSON, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF WISCONSIN**

Mr. GUNDERSON. Thank you, Mr. Chairman.

I would like to begin by asking unanimous consent that my statement may be inserted into the record, which is a rather lengthy statement. But I know that no one came to listen to me today, and frankly, I didn't come to listen to myself. I want to commend you for holding this hearing and want to share some thoughts that I think are quite similar here between the distinguished chairman of our subcommittee and myself, as the ranking member. I think we look upon this issue in the same way, and that is our ultimate goal in Job Corps must be to maintain training slots.

The purpose of Job Corps is to train young people who, in our opinion, are at their last resort. And we ought not forget that.

And from that perspective, I am not totally critical of the Department of Labor. As a matter of fact, I think we need to understand that Gramm-Rudman is legislated deficit reduction, it is not automatic across-the-board cuts.

Now, I don't happen to be a big defender of demonstration moneys or nonessential construction funds, but I would ask the Department of Labor to elaborate on those particular concerns regarding the use of these moneys as an alternative to center closings. But I think with or without Gramm-Rudman, we have come upon an issue that this committee, and this Congress must, this administration, this Federal Government must deal with, that is of assuring maximum efficiency in our Job Corps Program, so that we may maintain slots, or perhaps through other efficiencies we might even increase the number of slots that are out there. That is a legitimate role for all of us to pursue.

With that, Mr. Chairman, I yield back the balance of my time.
[Prepared statement of Hon. Steve Gunderson follows:]

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PREPARED STATEMENT OF HON. STEVE GUNDERSON, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF WISCONSIN

Mr. Chairman, I commend you for calling together today's hearing on such short notice to address an area of concern for many of us, that of the potential closing of six of our Nation's 106 Job Corps Centers in Program Year 1986. I want to extend a welcome to Representatives Jim Jones and Mike Synar and to all other witnesses participating in this morning's hearing, providing us with their insight on this issue.

At this time I also want to welcome and thank Assistant Secretary Semerad for being with us again this morning, on behalf of the Department of Labor. Mr. Semerad has a very difficult -- and many times unpopular task of providing Members of Congress with the Department's plan for the closing of the 6 slated Centers. And while we might not necessarily like all that you have to tell us Mr. Semerad, we do appreciate your working with us on this issue.

Today's hearing is an important one, focusing on a very controversial and emotional issue, I just hope that we can keep our emotions to a minimum and strive to come up with the most beneficial solutions for the Job Corps Program overall and for those disadvantaged youth that it serves.

Since its inception in 1964, the facts speak for themselves the Job Corps program has served almost one million disadvantaged youth, 75 to 80 percent of whom have gone on to unsubsidized employment, the military or higher education. Corpsmembers eliminate participation in cash welfare programs, both while in the program and after leaving. Graduates become valuable, skilled members of the Nation's workforce -- becoming tax payers rather than tax consumers. There is no doubt that the Job Corps program is beneficial both in terms of human potential and cost-effectiveness, with a \$1.46 return on every \$1.00 invested in a corpsmember through reduced dependence on welfare and increased tax revenues. Still, at a time when the budget deficit is past the \$200 billion mark, we must continue to look for ways to improve even the best, most valued of programs in order to get the maximum potential out of our limited Federal dollars.

The Job Corps Program enjoys strong bipartisan Congressional support that is hard to match and while we might not agree with the proposal before us from the Department of Labor calling for six Center closings -- I know that Secretary Brock and Assistant Secretary Semerad share our support for the Job Corps Program.

Statement of the Honorable Steve Gunderson
 Employment Opportunities Subcommittee
 Hearing on Job Corps Center Closings

Page Two.

One point on which most people at today's hearing agree is that high levels of efficiency and effectiveness within Centers is in the best interest of the overall Job Corps Program. Further, many if not most, on both sides of the aisle, recognize that there are a number of Centers -- not just 6 -- that are performing poorly at high costs which short of closing need to be tightened up on to ensure their own survival and that of the Program.

For the good of Job Corps, and in fairness to those Centers operating effectively and efficiently something must be done to address the poorest performing centers, but what? Here is where we disagree and this is why we are here this morning -- to work on developing a consensus as to what is the best path to follow for the future of Job Corps.

While Members of Congress, including myself, would prefer to see the 6 Centers slated for closure given a "last chance" to improve their performance levels -- and Congress, the Department of Labor, and the Centers themselves given a "last chance" to pinpoint what is going wrong and how to correct these problems, I certainly understand the Department's concern that from a management standpoint, it is poor management to allow inefficient operations to continue at the expense of other more efficient Centers. One of the biggest criticisms of Federal programs today is that the government is wasteful -- that it does not run programs as efficiently as a private business would. And, I have no doubt that if a private business were running the Job Corps program -- more than just these 6 centers would be slated for closure at this time.

On the other hand however, these operations do represent an investment of 20 years -- investments in service to disadvantaged youth, to the communities in which they reside -- particularly since those centers slated for closing are located primarily in rural areas. I am concerned that the 6 Center closing may have a disproportionate impact on the rural communities in which they reside.

However, In today's hearing we must keep in mind that the most important goal of Congress with regard to Job Corps is to ensure that the Program's training capacity -- its 40,544 training slots -- is maintained. These slots are the real reason for funding Job Corps in the first place, that of providing the "hardest of hardcore" unemployed youth with opportunities and hope for the future. Congress and the Department of Labor have to come up with a common solution to this problem -- we must work together for the best interest of the Job Corps.

Statement of the Honorable Steve Gunderson
Employment Opportunities Subcommittee
Hearing on Job Corps Center Closings

Page Three.

Based on Congressional Budget recommendations, we anticipate levels of funding for Job Corps that would allow for maintenance of the current number of centers and slots in Program Year 1987. Many of us hope the Department will see fit to use at least a portion of its \$12.5 million for pilot and demonstration projects and its \$30 million for construction to maintain current slot levels in Program Year 1986, and if possible, to prevent closing the six centers, at least for now.

Should these Centers be allowed to remain open for another program year, Congress must determine the reasons for their high costs and poor performance ratings. We must determine why there is such discrepancy between Federally operated Centers in performance. We must determine whether certain restrictions such as that prohibiting CCC's from "contracting out" are driving up the costs at Federally run Centers to the point of their own demise. The Department of Labor has concluded that this prohibition alone is costing the Program an additional \$7-\$10 million per year. Finally, we must be willing to make some changes in the Program to increase efficiency and effectiveness -- as we are in this business to serve the largest number of youth possible while maintaining quality.

In closing, I reiterate that we must achieve some sort of consensus on where we go in Program Year 1986 in the Job Corps Program and beyond that. Regardless of what decisions are made regarding these specific Center closings we must remember that our major responsibility is to provide the most efficient and effective Job Training program possible for our disadvantaged youth. Again, I look forward to hearing the testimony from all of our distinguished witnesses. I am confident that we will come away with some solid answers to our questions.

Mr. MARTINEZ. Thank you, Mr. Gunderson.
Mr. Williams, do you have any opening statement?

STATEMENT OF HON. PAT WILLIAMS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MONTANA

Mr. WILLIAMS. Thank you, Mr. Chairman.

The supplemental appropriation bill was on and off the House floor. We had trouble, as my colleagues know, in trying to pass the rule. Each time the bill would go back before the Rules Committee, I would go to the Rules Committee and ask for permission to offer an amendment, to legislate on an appropriation bill. To do that, the Rules Committee would have had to waive clause 2 of rule 21.

The purpose of the amendment was that no funds could be used to go ahead with these proposed closures. Each time I went to the Rules Committee, the Rules Committee turned me down, although each time by a narrower and narrower vote.

Immediately after the Rules Committee had turned me down for the final time, my warnings to them that the Department of Labor was going to close Job Corps centers came true and the centers were announced. Then, several members of the Rules Committee said to me that they wished we had one more opportunity, because now they would vote to allow me to offer that amendment.

We went to the floor where the only way we could offer the amendment is if not one single member of the House of Representatives objected to offering the amendment. To my surprise, that is what happened. Congressman Strang, of Colorado, offered the amendment for me. We thought that there would be more strength in the amendment if it came offered by one of our Republican colleagues, so he agreed to do so.

Now, the critical message in this, it seems to me, Mr. Chairman, is that no one single member of the House objected to this amendment being offered, once they realized that, indeed, these centers were scheduled for closing. Now, there is a message in that. The message is that the House of Representatives—and I believe the Senate—is absolutely committed to maintaining the strongest possible Job Corps System that we can offer our Nation's youth.

The members of the House are absolutely committed that these centers not be closed. Therefore, it seems to me that the Department of Labor and the Job Corps administrators, should get that message and begin to work more closely with the Congress. They should not come and simply tell us that they have decided to close centers. We need to work out our problems together. The Job Corps centers are now between a rock and a hard place, we are the hard place, you are the rock, and they are suffering.

It seems to me that we are going to have to work more closely together for the benefit of these centers.

Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you very much, Mr. Williams.

Mr. Henry.

Mr. HENRY. Thank you, Mr. Chairman.

STATEMENT OF HON. PAUL B. HENRY, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF MICHIGAN

Mr. HENRY. Thank you, Mr. Chairman.

I think it is apparent to everyone on this subcommittee, as well as the people in the Department of Labor and people associated with the Job Corps, that every member of this subcommittee, on both sides of the aisle, is a strong advocate and a strong defender of the Job Corps. I think that goes without saying.

Now, there are really three issues before us. One is how the Department of Labor reconciles its spending accounts with the Gramm-Rudman requirements. One of the things we wish to explore is whether there are other alternatives which ought to be looked at, rather than the recommendation of the closure of these centers.

The second issue is the number of slots, and whether or not supplemental funding, possibly in the pending budget resolutions, is going to be available to protect the number of trainee slots.

The third issue is management efficiency of Job Corps centers and the projected, or proposed, closure of six least efficient centers.

Now, they are really separable questions, yet inter-related. Obviously, we have to meet the Gramm-Rudman targets; it would also be foolhardy and irresponsible for the Department of Labor to run centers that are demonstrably substantially less efficient than other centers.

I would also submit that there is a separable question in regard to the reduction of centers. We are agreed, I think without question on this subcommittee, that, No. 1, we want to protect the number of available slots. I do think, though, in fairness to those centers that are projected for closure—and I know I talked to the gentleman from Kentucky, I also talked to the gentleman from Colorado, Mr. Strang—I don't know if he is here this morning, but I think that he will be—that the issue should be looked at in terms of their questions as to the nature of the study and how the management decision was made.

I think in fairness to all parties, we ought to get some clarification on that issue, because I don't think any of us wants to defend inefficiency. But we are certainly going to defend the number of slots and training opportunities available to our Nation's young people.

Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Henry.

Chairman Hawkins.

Mr. HAWKINS. I will not delay the hearing. I believe the purpose of the hearing is to direct questions to those in charge of the Job Corps Center operations. As chairman of the full committee, I have been badgered by members who are very disturbed over the closings. I think the way to clarify the issue and to come up with a rational alternative to the closings is to question the witnesses, particularly the representatives of the Department of Labor on what other approach can be developed.

I just wish to commend you, Mr. Chairman, for convening this hearing, which I know is in response to the many members who are emotionally aroused over this issue. I hope that we can moder-

ate their concerns, and at the same time find a way to solve this very difficult problem.

Mr. MARTINEZ. Thank you, Mr. Chairman.

Mr. Perkins.

Mr. PERKINS. Thank you, Mr. Chairman.

I appreciate the opportunity to have this hearing today. I very much appreciate your assistance in calling this particular hearing on the subject matter that we are concerned with today.

I will concur with my distinguished chairman of full committee, and not wishing to delay unduly the witnesses that we have before us and the comments they will make, and their rationale in what we are dealing with. But I would like to state that apparently from what we have been able to ascertain to date, there is not a viable reason that has been given to us, at least as of this time, that would indicate why anyone would want to close Job Corps centers, reducing the number of slots, when other options are apparently available at this time.

In looking at the budgetary situation for fiscal year 1986, and fully realizing that we have not come to any sort of budgetary standards yet, it is apparent from the figures that the Senate has adopted a budgetary position of \$676 million for the upcoming fiscal year 1986. And according to my distinguished colleague from Montana, a member of the Budget Committee, he has informed me that we are going to have \$694 million, and the Democratic alternative, which is suspect, will be passed on the House floor today. We were funded at \$640 million last year for the Job Corps centers, with Gramm-Rudman that was reduced to \$613 million.

The operating budget for the fiscal year is from October 1 onward to October 1, but the operating budget for the Job Corps centers, as I understand it, is July 1 through July 1. And there is apparently a period of time from July until October where there is, perhaps, some sort of question as to the funding operations for the coming year.

But I would like to make the point that since apparently the budget that is going to be adopted, whether we take either the Senate, or the House version, or somewhere in between, as most likely shall occur, it will most likely be one that has funding that will allow the Department of Labor to fund the 106 centers without any closures.

And I would suspect that the period of time, the interim period between July through October, the period of 4 months, could be funded from alternative sources that are perhaps identifiable within the budget of the Department of Labor, and within the budget of the Job Corps centers.

I will have a number of questions, and I will be very interested in the responses, but let me preface anything that goes on here today by saying that truthfully, the study, to me, is almost a peripheral issue. What we are dealing with here is a question of whether we are going to close six physical plants that are operating and are allowing students to learn.

And I have a very grave question in my own mind as to whether or not the idea is perhaps—has any sort of relationship with what we are trying to accomplish as the long-term goals of reducing the unemployment rate that were discussing on the House floor yester-

day with our distinguished chairman, who has been so, so helpful in terms of unemployment since he has been in this Congress, and talking about the long-term effects of unemployment in this Nation. And the Humphrey-Hawkins debate of two of the really outstanding legislators that we have had in this Congress in the last—well, the last century, in my opinion.

It strikes me that the period of time that we are referring to, there can be no question that we have got to look at other alternatives. And as my dear personal friend from Montana has graphically illustrated in his earlier remarks, I think that we have got to be very aware that at least in this House of Representatives there is a very strong feeling that we must continue to not cut back on these services, but as indicated by both the Senate and the House versions of the budget, increase slots and increase ability to serve. And that, I think, is what we are here today to talk about.

I thank you, the distinguished chairman of California, for the opportunity again to have this hearing today, and I shall allow the hearing to continue on.

Mr. MARTINEZ. Thank you, Mr. Perkins.

I want to thank the chairman for rearranging his schedule because I understand that there are a couple of members that are hard pressed for time, and so I will ask Senator Nickles to come up at this time, I am going to announce that all written remarks will be entered into the record in their entirety, so please summarize your testimony.

Also, the record will be left open for 2 weeks to receive any additional testimony, or to submit additional questions.

Mr. HAWKINS. Mr. Chairman.

Mr. MARTINEZ. Yes, Mr. Hawkins.

Mr. HAWKINS. I am trying to cover three subcommittees this morning so I must leave shortly. I ask unanimous consent that my two series of questions be submitted to the Department of Labor. I would like them to answer the questions in writing, and submit them for the record, if I may have that privilege.

Mr. MARTINEZ. If there are no objections, it will be so ordered.

Mr. HAWKINS. Thank you.

Mr. MARTINEZ. Senator Nickles, would you come up please?

STATEMENT OF HON. DON NICKLES, A U.S. SENATOR FROM THE STATE OF OKLAHOMA

Mr. NICKLES. Thank you, Mr. Chairman.

Before my good friend, Chairman Hawkins, leaves I would like to tell him that it has been a pleasure working with him and the full committee. We have joined forces together in the past in the *Garcia* case and others, and have had some positive results.

I appreciate the cooperation that this subcommittee and the full committee has shown in working with the Senate. Hopefully, we will have future successes.

Mr. HAWKINS. May I just simply reciprocate by saying that it has been a pleasure to work with you in the past, and we look forward to a continuation of that same friendship and cooperation in future conferences.

Mr. NICKLES. I thank the chairman.

Mr. Chairman, thank you for conducting this hearing. I think it is very important that you do so. I look forward to finding some of the answers that you are going to be seeking today. I was disappointed with the Labor Department's decision to close these six Job Corps centers. The fact that they the DOL gave each center no prior notification of the closing announcement was particularly disturbing.

After reviewing the Department's analysis of why the centers should be closed, I am convinced that it acted without regard to the unique situation of the center in Tahlequah.

Tahlequah needs a Job Corps center. The Talking Leaves Job Corps Center now trains 233 youngsters, 73 percent of them Indian, and has a staff of 87; 63 of which are Indian. The Department has stated that one of the reasons for closing the center is because of the low Indian participation. It goes to show why I believe the Department's report to be far less than accurate.

I am very pleased that Chief Mankiller is able to be here today to address this issue more thoroughly. I visited with her last week in Tahlequah, and I think she will give you some very insightful information on the importance of the Tahlequah Job Corps Center.

Let me just say that the center is an important part of the community, and is probably the only hope for a successful future that many of these young people have. Additionally, it must be noted that the Job Corps Training Program is fully funded in the Senate budget resolution—and I heard Mr. Williams mention that it would be in the House budget resolution as well.

The Senate voted to increase funding by \$64 million over the present fiscal year, which I think is indicative of the strong bipartisan support that it receives in both the House and the Senate. Also, there is about \$30 million of unobligated Job Corps construction funds available to carry Job Corps programs through its current funding shortfall.

I compliment Congressman Perkins in his statement of the fact that, yes, it did close these. If you look at fiscal years, you are talking about 4 months, and if you look at termination costs, you are talking about termination costs that would probably exceed the cost of operating those centers for the additional 4 months.

I, personally, have contacted Secretary of Labor Brock's office and urged him to stop the closings until Congress has an opportunity to take a closer look at this proposal. I have also talked to the chairman of the Senate Appropriations Committee and told him of my support of the House-passed language which would continue funding. It is my expectation that we will do the same in the Senate.

I look forward to working with Members of the House to see that that result comes about.

Mr. Chairman, I thank you for allowing me to speak. I am presently supposed to be chairing a Senate Labor subcommittee hearing. I stepped out because I wanted to make this statement before your committee. I think it is very important. Again, I compliment you for this hearing and look forward to working with you to see its successful conclusion.

Mr. MARTINEZ. Thank you, Senator Nickles.

We appreciate your coming here and giving us your strong testimony, and strong support of Job Corps. And I am sure if any of the members would have any questions, or any dialog they want to add, they will reach you personally, in lieu of your schedule.

Mr. NICKLES. Thank you very much, Mr. Chairman.

Mr. MARTINEZ. At this time I would like to call on another gentleman who seems to be very much pressed for time these days, the Honorable Jim Jones from Oklahoma.

**STATEMENT OF HON. JAMES R. JONES, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF OKLAHOMA**

Mr. JONES. Thank you, Mr. Chairman.

Mr. MARTINEZ. Congressman Synar, why don't you come forward, also?

And may we have Chief Mankiller over here please, too?

Let me remind all of you again that any written testimony you have will be entered into the record in its entirety.

Mr. JONES. Thank you, Mr. Chairman.

I am delighted to join Congressman Mike Synar in whose district the Tahlequah Center is located, and I am particularly delighted that the chief of the Cherokee Nation, Wilma Mankiller, can be here. She—as well as the Cherokee Tribe—is doing some very innovative, forwardlooking things, and I think you will be as impressed with her testimony as those of us who know her are.

Let me first just say a brief word about the Job Corps. I was at the White House at the time the Job Corps was devised and put through Congress for the first time. I can tell you that those of us, and President Johnson, who put this forward, had a specific purpose for Job Corps. It was never intended to be a handout, it was to be a handup. It was never intended to be a safety net, but it was intended to be a ladder of opportunity for those who had fallen on hard times, who had not had an opportunity up to that point.

It was never intended to buttress welfare, but it was intended to promote personal responsibility. In every one of these goals, I think you will find that Job Corps has been a tremendous success.

I can personally testify that in my congressional district, in Tulsa, the Job Corps Program there has been a great success, even to the point that a former mayor of Tulsa, who was very conservative, I guess that would be an understatement—someone who believed that government belonged in very few programs, if any, eventually came around to the belief that Job Corps was, indeed, a success, and was necessary to help people become productive citizens.

The center at Tahlequah, the Talking Leaves Center, has also been a tremendous success. It makes no sense to me that the Department of Labor and this administration would close this center, or the other five centers which were scheduled for closing.

First of all, they do have the money there without additional appropriations, it can be transferred to keep these centers open. And so it will not cost the taxpayers additional money.

Second, specifically with regard to the Talking Leaves Center, it is particularly important at this particular time in Oklahoma's history. Oklahoma is in the middle of a very severe economic crisis.

We need to retrain our workers, in order to diversify our economy. We need to maintain and expand the vocational education and job training programs. Closing the Talking Leaves Center would be a tragic step in the wrong direction.

The unemployment rate in Cherokee County, which is the location of this center, is currently 11 percent. Talking Leaves provides services in a multicounty area that contains a substantial concentration of young people living in poverty.

Furthermore, Talking Leaves is one of only two Indian Job Corps Centers in the entire Nation. Frankly, I am a little bit concerned about the administration's attitude toward Indian programs in general. During the 4 years when I served as Budget chairman, it seems that Indian programs, more than any other group in our Nation, were singled out for cuts and eliminations by this administration, to the point that—whether it was education, health, housing, job training—it seemed like they were being discriminated against. And this, I believe, is another example.

Of the 106 centers nationwide, Talking Leaves is one of the very few accredited by the regional accreditation agency.

I firmly believe that Talking Leaves Job Corps Center is efficient, it is effective, and it is absolutely vital to our region. The center has a capacity for 225 students, 75 percent, three-quarters of them, roughly, are Indian. Unlike other centers which use the program to lower the average labor cost to the sponsoring corporations, Talking Leaves seeks to enroll dropouts from the public school system.

These youth take the skills they learn and put them to use in the local communities. Instead of becoming dependent on government programs, they become contributing members of our society. Approximately three-quarters of those enrolled complete their vocational training.

So, by every measurement, whether you are looking at the Job Corps in general, or the Talking Leaves Center in specific, it has been a great success, and certainly ought to be continued. And I urge this subcommittee to act swiftly.

I particularly want to compliment Mike Synar, who aggressively got on this situation as soon as it was known and helped organize other members of our delegation to make this presentation.

So, I thank you, Mr. Chairman, for giving us this opportunity.

[Prepared statement of Hon. James R. Jones follows:]

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PREPARED STATEMENT OF HON. JAMES R. JONES, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF OKLAHOMA

Mr. Chairman, members of the subcommittee, thank you for giving me the opportunity to speak to you today in support of the Job Corps program.

Created in 1964 by the Economic Opportunity Act, the Job Corps was a centerpiece of Lyndon Johnson's War on Poverty. The program was designed to improve the employment prospects of underprivileged youth. This is not a welfare giveaway, this is an efficient and effective program which provides a ladder to raise these young Americans out of poverty and despair. Studies have shown that taxpayers actually get a high return on the money invested in the Job Corps program.

I have not come before you today simply to extol the achievements of the Job Corps program -- that has been done before. I come before you today specifically to address the proposed closing of six Job Corps centers, including the Talking Leaves center in Tahlequah, Oklahoma.

Like all of us, the Department of Labor is looking for ways to meet the sequestration order for the fiscal year. As a result, they have done an evaluation of all Job Corps centers and have recommended the closing of what they consider the least effective. I find two faults with this system. First of all, the evaluation does not take into account all the local factors. Furthermore, the DOL has money appropriated for pilot and demonstration programs which could easily provide the \$10-15 million needed to keep all the centers open, thus preventing any loss of services.

Mr. Chairman, Oklahoma is in the middle of a severe economic crisis. We need to retrain our workers in order to diversify our economy. We need to maintain and expand vocational education and job training programs. Closing the Talking Leaves center would be a tragic step in the wrong direction.

The unemployment rate in Cherokee County is currently 11%. Talking Leaves provides services in a multi-county area that contains a substantial concentration of young people living in poverty. This is precisely the setting in which a Job Corps center is successful. Furthermore, Talking Leaves is one of only two Indian Job Corps centers in the nation. Of the 106 centers nationwide, Talking Leaves is one of the very few accredited by a regional accreditation agency.

To close the Talking Leaves center would put 88 people out of work. This is 14% of the total Cherokee Nation employment. The center also adds \$2.5 million to the local economy. Clearly, the closing of the center would have a devastating economic impact with repercussions throughout the region.

Despite the Department of Labor charges, I firmly believe that Talking Leaves Job Corps center is efficient, effective, and vital to the region. The center has a capacity of 225 students, and serves about 400 in a year. 72% of the students are Indian. Unlike other centers which use the program to lower the average labor cost of sponsoring corporations, Talking Leaves seeks to enroll drop-outs from the public school system. These youth take the skills they learn and put them to use in the local community. Instead of becoming dependent on government programs, they become contributing members of society. Approximately 75% of those enrolled complete their vocational training.

Mr. Chairman, I thank you for inviting me to participate in this hearing. I am especially pleased to be here today with my friends Mike Synar and Wilma Mankiller. As principal chief of the Cherokee tribe, which oversees the Talking Leaves center, she is very familiar with the importance and successes of the center. In closing, let me simply say once again that it is ridiculous to propose closing six centers, affecting thousands of people and creating the exact conditions Job Corps is supposed to remedy, when the money needed to meet Gramm-Rudman cuts is readily available in other areas.

Mr. MARTINEZ. I appreciate that you are on a tight schedule, so if you would like to leave, you can.

Mike—Congressman Synar, I want to ask you, because Congressman Strang is on a tight schedule, if he could be allowed to go first?

Mr. SYNAR. Yes.

**STATEMENT OF HON. MICHAEL L. STRANG, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF COLORADO**

Mr. STRANG. Thank you, Mr. Chairman.

I do appreciate your taking the time to let me testify. I am in the middle of working on a bill in committee of my own sponsorship, so I would like to go back.

I would like to particularly give thanks to Congressman Perkins and Congressman Williams, and Congressman Synar for getting on this thing when the brush fire erupted and making it possible for us, as a team, to get an amendment through on the House floor. Without their efforts none of that would have happened.

Incidentally, I served in the service with the 45th Infantry Division, and most of the good soldiers were Indians.

I thank you for giving me the opportunity to testify. We are here of course to talk about the Job Corps. And my written testimony covers broad areas, but for the sake of brevity I will just cover two of those.

The first area is funding. I was glad that the amendment my colleagues and I offered last week required not only the maintenance of service, but also a reduction of spending in accordance with Gramm-Rudman. But I do want to express my strong disapproval of the attitude of the Department of Labor, which evidently is prepared to close centers, even if Congress restores these cuts. This indicates to me a strange misconception as to the relative roles of the executive and legislative branches.

And more fundamentally, it also indicates that the Department has it "in" for the Job Corps, and consequently, though I wouldn't go so far as one of my colleagues in calling the Department of Labor study "a ridiculous piece of trash," I do question whether it was conceived merely as a rationale for a policy already determined.

This attitude was further evidenced by the Department of Labor's total disregard for the personnel onsite. When I called director at Collbran last Friday, he had not even heard from the Department of Labor, and the person who finally showed up didn't even raise the subject of the possible closing.

I am on record as saying that the \$30 million construction fund ought to be used, at least as a source of some of the money to keep the centers open.

I want to share a few facts on this subject. First, the 5-year capital cost production projection per slot of Collbran, which happens to be in my district, western Colorado, criterion No. 2 is \$3,460. With the capacity of 206 slots this comes to \$692,000. The director of the center says there is no way they would use that amount of money.

Furthermore, the money is actually used for training, that is the corps members do the construction and maintenance at the center. The director told me that if the construction funds are cut, he will just have to go out and find more public works for the kids to get involved in.

In other words, the public would get more benefit, the kids would get the same amount of training, and the center's scores in criterion 6 and 7 will rise. The Collbran Center started as a bunch of trailers; there is no need to improve the facility, which, as a matter of fact, got a high score in criterion 5, facility quality.

I suggest that construction funds be devoted only to work that absolutely has to be done. I am sure that some of the centers around the country need substantial work, and all need some maintenance, but there is no need to keep such a pot of money on hand, when they are closing centers. Actually, the construction fund issue is really two issues. The Department seems to confuse the funds that are used for training, and that are actually spent on training at the centers themselves by improving the facility, with funds that are used for necessary construction and maintenance.

To repeat, taking away the training funds would simply force corps members to do more work offsite. If the work is perhaps less expensive work, then so be it, at least for now.

The cost per slot figure for the 5-year capital cost, thus is not a true reflection of the needed construction and maintenance, and is just one more example of the Department's flawed approach.

I want to talk about what the Job Corps really does and what it really stands for. This administration has values that I support—hard work, private enterprise, and thrift. The reduction of public spending, and ultimately the reduction of the Government's role in the lives of our citizens. The administration takes a very active role in fostering this philosophy; in education, in various types of law enforcement, in natural resources and in the drive towards privatization the administration has pushed its views strongly and garnered wide support.

I think that if we spend money on the National Endowment for Democracy, Voice of America, and Fulbright Programs to spread our values abroad, then we can certainly spend money to foster these values at home.

The Job Corps teaches motivation, attitudes, responsibilities, and rules.

It takes disadvantaged kids and gives what for many of them is not a second, but a first chance. I think we are wrong to take it away by shutting Job Corps Centers' doors in their faces.

And I thank the Chair for his graciousness in letting me testify.

[Prepared statement of Hon. Michael L. Strang follows:]

PREPARED STATEMENT OF HON. MICHAEL L. STRANG, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF COLORADO

Thank you very much for giving me the opportunity to testify.

We're here, of course, to talk about the Job Corps.

I'd like to cover four broad areas. One minute hardly does justice to each, but perhaps I will shed new light on some aspect of one of them.

First - how cost-effective is the Job Corps?

I'd like to quote from the Administration FY87 Budget: "Some studies have indicated that the benefits to society from the Job Corps exceed the costs." Evidently the study in question followed Job Corps members for four years after they left the program, tracking their employment, earnings, criminal records, and a host of other statistics. A control group of non-Corps youth from similar backgrounds was also tracked, and the results were compared. They showed that the two groups wound up in substantially different circumstances. Clearly, the Job Corps is doing what it is intended to do.

The Budget document continues: "Many of these benefits were indirect and not the result of increased earnings by participants." What does that mean? According to the study, it means that by spending on the Job Corps, we saved in other areas. The largest single saving, in fact, was in the money we didn't have to spend on the criminal justice system. And that means the saving represents a contribution to the efficiency of that system, and a saving on the part of the people who aren't victims of crime because of the Job Corps.

Time does not permit me to deal even briefly with the real savings in the cost of construction and public works that are built by the Corps, nor on the potential savings in education.

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Considering how much the Job Corps does and how many roles it plays in the lives of these young people, we have to give it an A-plus on cost-effectiveness.

Second, I would like to touch on the Department of Labor evaluation.

I suggest the evaluation is flawed not only in practice, but in its fundamental assumptions as well. Of the seven criteria used to compile this hit list, some don't make sense and some are just plain wrong. I know I am on firm ground when I speak about the Civilian Conservation Center in Collbran, Colorado, so I will refer to it specifically on these questions.

For example, criterion #7 - Community Relations. Collbran got 5 points out of 50, a score that defies belief. The facts simply do not support this rating.

Mr. Chairman, at this point I'd like to submit on the record a letter from the Mayor of Collbran.

I have two points to make on this score: first, that the Center plays a very fine and active role in the life of its community, as is attested to by this letter, and many others that I have. It holds a Community Relations dinner once a month, builds a float for the parade, takes part in the rodeo. The Center built an addition to the school. The town sports teams play at the Center's gymnasium. The President of the Collbran Chamber of Commerce thinks the Center is a very valuable addition to the area.

Second, and perhaps more important, is the criterion that DOL used, and the way they gathered their information.

Here is a quote from the DOL report on Collbran: "The center's approach to community relations has been to keep the corpsmembers on the center, thus avoiding potential problems in the community, as opposed to developing projects and activities to encourage interaction." Mr. Chairman, Collbran has a population of 260 and the total area only counts about 1500 people. Other than a couple of stores, there are two bars and a liquor store. Is the DOL suggesting that community relations would be better if we sent the kids out drinking? When you consider that there are roughly as many people at the Center as there are in the town, you'll see that the best possible way to keep from overwhelming Collbran's civic life and character is to control access. This policy seems to me to show considerable wisdom and it is appreciated by all the townspeople I've talked to, all of whom also have expressed their gratitude for the public works projects built for them by the Corps.

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I would like to add that the Center's employees said that until last December, they hadn't even seen any screeners from Regional Headquarters for about a year and a half. I don't know how you can assess public relations from a distance. I guess that they were assessed in terms of "policies" and not of the people involved.

With respect to criterion #4, Location, the statistic is if anything worse. Collbran got 40 points for being located in Colorado, a state which has only 40% of slot level it would be entitled to. We got zero points for being in Region VIII, which is over-represented mainly because of one very large center in Clearfield, Utah, which is operated by the Morton Thiokol Corporation. And we got zero points for being located close to no substantial local concentration of poverty youth. What is DOL's definition of "close"? Of course in a town of 260 in rural Western Colorado, you're not going to have a substantial concentration of anything. And what is a "substantial concentration"? Mesa County, in which Collbran lies, has 10.3% unemployment. The Third Congressional District has 8.7% unemployment. And that's not even mentioning the rest of the state of Colorado. If you're only going to have one center in a state, then the concept of "close" loses a lot of its meaning.

I also wonder whether, when "location" was taken into account, there was any consideration given to the local economy. There are over fifty employees at Collbran, about half of whom come from the immediate area. Where are these people going to find new jobs? Surely at the very least we have to consider such a question.

And in the matter of the study, I'd finally like to say that the emphasis on "performance" is misleading. The criteria measure a gross result, not a net result. As I mentioned before, when we assess the performance of the Job Corps we have to consider not only the gross criteria of earnings and placement and so forth, but also the net benefit to society.

My third major area is funding. I was glad that the amendment I and my colleagues offered last week required not only the maintenance of service, but also a reduction of spending in accordance with Gramm-Rudman.

But I want to express my strong disapproval of the attitude of the DOL, which evidently is prepared to close centers even if Congress restores the Gramm-Rudman cuts. This indicates to me a strange misconception as to the relative roles of the executive and legislative branches. More fundamentally, it also indicates that the Department "has it in" for the Job Corps and consequently, while I wouldn't go quite so far as one of my colleagues in calling the DOL study a "ridiculous piece of trash", I would

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question whether it wasn't conceived and implemented merely as a rationale for a policy already determined. This attitude was further evidenced by DOL's total disregard for the personnel on-site. When I called the Director at Collbran last Friday, he had not even heard from DOL yet. And the person who finally showed up didn't even raise the subject of the possible closing.

I'm on the record as saying that the \$30 million construction fund ought to be used to keep the Centers open. I want to share a few facts on this subject.

First, the 5-year capital cost projection per slot at Collbran (criterion #2 of the study) is \$3,460. At the capacity of 200 slots, this comes to \$692,000. The Director of the Center says that there is no way that they would use that amount. Further, the money is actually used for training, that is, the Corpsmembers do the construction and maintenance at the Center. The Director told me that if the construction funds are cut, he'll just have to go out and find more public works for the kids to get involved in. In other words, the public will get more benefit, the kids will get the same amount of training, and the Center's scores in criteria 6 and 7 will rise.

The Collbran Center started out as a bunch of trailers. There is no need to "improve" the facility, which as a matter of fact got a high score in criterion #5, Facility Quality. I suggest that construction funds be devoted only to work that absolutely has to be done. I'm sure that some of the Centers around the country need substantial work and all need some maintenance, but there's no need to keep such a pot of money on hand when Centers are closing.

Actually, the construction fund issue is really two issues. The Department seems to confuse the funds that are used for training, and that actually are spent on training at the Centers themselves by improving the facilities, with the funds that are used for necessary construction and maintenance. To repeat, taking away the training funds would simply force corpsmembers to do more work off-site; if the work is perhaps less expensive work, then so be it, at least for now.

The cost-per-slot figure for 5-year capital cost thus is not a true reflection of needed construction and maintenance, and is just one more example of the Department's flawed lock-step approach.

Finally, I have just one more area to address. And I think, in the long run, that it is the most important subject of all.

I want to talk about what the Job Corps really does and what it stands for. I want to talk about philosophy.

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This Administration has values that I wholeheartedly support. Hard work, private enterprise, thrift. Reduction of public spending, and ultimately a reduction of the government's role in the lives of our citizens.

The operative word here is "ultimately." Reduction for the sake of reduction, and wholesale elimination of programs is not the best way to go.

The Administration takes a very active role in fostering its philosophy. In education, in various types of law enforcement, in natural resources and in the drive toward "privatization", the Administration has pushed its views strongly and garnered wide support for them.

I think that if we spend money on the National Endowment for Democracy, Voice of America, and Fulbright programs to spread our values abroad, then we can certainly spend money to foster these values at home.

The Job Corps teaches motivation, attitudes, responsibilities, and rules.

It takes disadvantaged kids and gives what for many of them is not a second but a first chance. It teaches them basic skills and gives them a basic education. Perhaps that should have been done in the schools - if it wasn't, then their first chance is also a last chance.

I think we'd be wrong to take it away by shutting Job Corps Centers' doors in their faces.

Mr. MARTINEZ. Thank you, Congressman Strang.

Let me put this to Congressman Synar. You may take as much time as you need, then we will vote.

Mr. SYNAR. Since I am introducing the principal Chief, why don't we go vote, and come back?

Mr. MARTINEZ. All right, the committee is in recess.

[Recess.]

Mr. MARTINEZ. Could we be seated and get started again?

Congressman, would you continue?

STATEMENT OF HON. MICHAEL SYNAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA, ACCOMPANIED BY CHIEF MANKILL AND SPARLAN NORWOOD

Mr. SYNAR. Thank you.

First of all, let me first thank Chris and Pat, these things don't happen—the things that we did last week, without tremendous efforts, and Chris Perkins, my hat is off to you on behalf of all of the 400 people that will be served by the Tahlequah Job Corps Center. We personally thank you from Oklahoma, and Pat Williams, my dear friend and classmate, as always, you did a magnificent job.

I would ask unanimous consent that my statement, as well as Senator David Boren from Oklahoma be submitted to the record.

Mr. MARTINEZ. Without objection, so ordered.

Mr. SYNAR. I will just say two things, first of all I think what we have seen here with the Job Corps Center is exactly why I filed my suit in Gramm-Rudman. When you turn this government over to bureaucrats running computers, and out of the hands of people, acting through their elected officials, then bad decisions are going to be made that are insensitive to human needs.

Second, it was once said you can give a man a fish and you feed him for a day, you teach a man to fish, and you feed him for a lifetime. And that is exactly the concept of the Job Corps centers. We are teaching people the basic skills by which they will be able to perform and act, and improve their lives throughout their whole lifetime.

But enough from me, I think the real person I would like to introduce is the person who has been the chief of the Cherokees for just a number of months, and a person who has first-hand experience with respect to this problem.

We also have accompanying our principal chief of the Cherokees today, the director of the Talking Leaves Job Corps Center, and a dear friend of mine, Sparlan Norwood, who is with us.

At this time I would like to introduce to the panel here and my colleagues the principal chief of the Cherokee Nation, Wilma Mankiller.

[Prepared statement of Hon. Michael Synar follows:]

PREPARED STATEMENT OF HON. MIKE SYNAR, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF OKLAHOMA

Mr. Chairman, one week ago the Department of Labor announced plans to close six job corps centers across the country as a result of the March 1986 Gramm-Rudman budget cut. One of the six centers targeted for closing is the Talking Leaves Job Corps Center in Tahlequah, Oklahoma.

It's no secret that I oppose Gramm-Rudman. The Labor Department's plan to close these Job Corps centers is a prime example of why Gramm-Rudman is bad law. Computer statistics cannot measure the full human importance of these centers -- to the community or to the participant.

Job Corps provides the last chance for many disadvantaged young people to learn the skills to become productive citizens.

*It's like the saying, "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime." Job Corps participants improve their basic education and learn job skills that will last a lifetime.

This is not the time to close down programs aimed at teaching job skills.

*In Cherokee County, where Talking Leaves is located, unemployment is currently 11 percent.

*March figures place the average unemployment rate among counties in my district at 10.9 percent.

*The Talking Leaves Job Corps Center directly serves more than 400 young people each year. Almost half are from Oklahoma.

This is not the time to close down programs aimed at improving educational skills.

*For the fiscal year 1984-1985, the dropout rate for the state of Oklahoma was 9000 (nine thousand) students. The dropout rate in that time period for the 14 counties that make up Cherokee Nation was more than 4500 (forty-five hundred) students -- half the state total.

Oklahoma is facing some tough economic times.

*Because of the drop in energy prices and the crisis in agriculture, Oklahoma has had to cut the state budget by 14.7 percent this year.

*Oklahoma may lose federal matching funds for Aid to Families with Dependent Children and Medicaid.

The Talking Leaves Job Corps Center contributes to the local community.

*The Center has a 2.5 million dollar annual budget and 80 (eighty) employees.

*The Corpsmembers participate in community projects such as local clean-ups, a Christmas food drive for needy families, and volunteer work at the Cherokee Nation Youth Shelter.

*Vocational Skills Training Corpsmembers have assisted in many projects such as building an airport in Stilwell, Oklahoma, and constructing five miles of road near a local lake.

The Department of Labor must make cuts to achieve the 4.3 percent budget cut mandated under Gramm-Rudman.

*Along with 74 colleagues, I signed a letter to Chairman Natcher of the Subcommittee on Labor--HHS--Education Appropriations asking him to urge Secretary Brock to authorize using Job Corps construction funds to maintain current slot levels and keep all Job Corps Centers open.

People can look at the big picture. Computers cannot.

*When we take the "human facts" into account, it is clearly a bad decision to close this program that teaches young people skills that will lift them from the welfare cycle and make them tax-paying citizens.

Ms. MANKILLER. Thank you.

I would also like to thank Congressman Synar and Congressman Jones for their assistance. We are in a very small area of northeastern Oklahoma, and we sometimes don't know how to respond to these kinds of issues, and they sort of help us through the process.

As Congressman Synar noted, I am the principal chief of the Cherokee Nation of Oklahoma, which is the contractor for the Talking Leaves Job Corps Center in Tahlequah. The Talking Leaves Job Corps Center at Tahlequah is on the list to be closed. It is the only Job Corps Center in the country operated by an Indian tribe. We are the second largest Indian tribe in the country. Ironically, we received all kinds of awards, weekly and monthly for excellence and efficiency, and it is awfully hard for me to believe that we have one isolated program out here that is operating as inefficiently as the Department of Labor seems to think it is.

We are a very small center, in comparison to some of the other centers. We have about 225 corps members at the center, it is obviously a residential center, education and training center. We employ about 80 people.

One thing that I would like to emphasize to this subcommittee is that the people who attend Job Corps are not people who have other alternatives. These people have already tried conventional training and education programs, and they haven't worked. There is no place else for these people to go. They are in the Job Corps Center because it is an open-entry, open-exit kind of program that is designed specifically for this type of program.

The alternative is unemployment, and I believe, in some cases, crime.

It is also ironic to me that at this particular time in history, Oklahoma's economy, as Congressman Jones pointed out, is very dismal at this point, because of the drop in oil prices and also, severe problems with agriculture.

In addition to that, at this particular time, about 20 percent of minority youth are at the rock bottom, and 40 percent at the top are unemployed, have severe problems with employment. And why someone would choose to close the center at this particular time makes little sense to me.

Again, I would like to emphasize the fact that we are a small, relatively powerless group of people in northeastern Oklahoma, and without the leadership of this committee, and people like Congressman Synar and Congressman Jones, there is nothing we can do, except be absolutely devastated by decisions like this. I am concerned—I have heard people talk this morning about the fact that, oh, well, even if the money is there, the Department of Labor has decided to close some of these centers based efficiency.

Well, the factors they use for determining efficiency are seriously flawed. We have data in our testimony which we have submitted to you which we also intend to submit to the Department of Labor, which indicates that the data that they used is very, very seriously flawed.

One of the things that most irked me is the fact that they said our Job Corps Center was not located in an area near a great poverty area, when, in fact, quite the contrary is true. In the county

where Job Corps is located, and the surrounding counties 25 percent of the people are below the poverty level, 25 percent.

In Oklahoma, in general, 9,000 students dropped out of school last year, 9,000. And we have been allocated for the entire State of Oklahoma, 1,300 or 1,400 Job Corps slots, those are very serious problems.

Some of the other kinds of things are absolutely ridiculous. One of the things that they said was that our center was not involved in the community. Our center director is the former president of the Rotary Club, he is on the chamber board. The Job Corps students are noted in Tahlequah for winning the prize every year for the Tahlequah cleanup campaigns, blood drives. They are involved in March of Dimes, and many other community activities. So, that was a sort of ridiculous statement to make.

There are a lot of other things—I won't go into all of the other data, because it is included in my testimony, but we can refute basically every single factor that they used there.

One of the things that bothers me is that I think, at the very minimum, is it unethical for someone in the regional office, or the national office to just arbitrarily decide without ever talking with me, or with our center's staff, about these problems, to just up and one day decide to throw 225 corpsmen out of the school, and 80 people out of work. That's really inhuman. And that bothers me a great deal.

The fact that we are a very cooperative institution, organization, we have a net worth of around \$100 million. We have the ability to run any program in anyway that will be efficient. If there are problems there, if there is something else they want us to do, we would be happy to do that. But no one has ever talked to me, until the day that the center was—the day that an announcement was being made to close the center.

So, another point that I want to emphasize is the Department of Labor officials said, oh, well, these people can go someplace else. They can't go someplace else. The other Job Corps centers in Oklahoma have long waiting lists for other students who want to get in those centers. Social studies over and over again have shown that Indian people like to be with other Indian people, 75 percent of the students, and many of the staff there are Indian people, and we would like to keep the center for that reason.

One other thing that bothered me is the fact that it was said that our capital expenditures were very high. Our lease is up at Northeastern Oklahoma State University in 1988, and we need to rehab or renovate some dorms, whether it be at the Sequoia Indian School, or at Bacone College, in Muskogee, which they estimated would cost around \$3.5 million. That sounds like a lot of money, but when you look at some of the expenditures that the other poor Job Corps centers are involved in, some are involved in capital expenditure projects that will cost up to \$16 million.

I can't figure out for the life of me how they made the determination that our center was inefficient and should be closed. And I think if the data that they used to justify the closing of our center is that seriously flawed and inaccurate, then it must also be true in the cases of the other centers that are targeted to be closed.

I think there is some agenda here for closing the Job Corps centers and we are at the beginning of that agenda, and I strongly protest that move. And I have a lot of data included in my testimony, formal testimony, which you have a copy of.

I would be happy to answer any questions.

Mr. MARTINEZ. The written testimony you have submitted will be entered into the record, in its entirety.

[Prepared statement of Wilma P. Mankiller follows:]

PREPARED STATEMENT OF WILMA P. MANKILLER, PRINCIPAL CHIEF, CHEROKEE NATION
OF OKLAHOMA, TAHLEQUAH, OKLAHOMA

It is with great concern that I come to you with information supporting the continued maintenance of one of only two Job Corps Centers in the United States that places emphasis on serving an American Indian population. The Talking Leaves Job Corps Center is located in Tahlequah, Oklahoma, and is operated by the Cherokee Nation of Oklahoma. It is a small Center, relatively speaking, serving a capacity of 225 corpsmembers (compared to an average of 382 for all Job Corps Centers). Although the Center is small in number, its impact on Northeastern Oklahoma is large.

Let us be realistic about programs such as Job Corps. The most important statistic which judges the success of a program is the one that tells us that someone is paying taxes into federal coffers instead of being paid welfare from them. Some of the poorest counties in the United States are located in Northeastern Oklahoma. It certainly is within the framework of the current administration's philosophy to support activities which focus on improving the ability of poverty level areas to become regular contributors to the American economy. The Talking Leaves Job Corps Center clearly has enabled many Northeastern Oklahoma Indians to make this transition. It would be terribly unfortunate if the economy of our state and the Cherokee Nation were to lose this valuable asset.

The Talking Leaves Job Corps provides technical and general education to youth who would not otherwise pursue it. Unlike other Job Corps Centers where the programs are used to lower the average labor cost of the sponsoring Corporation, Talking Leaves seeks and enrolls youth who are "drop-outs" from the public educational system. These youth are transformed from individuals from a cycle of poverty and government dependence into productive members of society. Of a total of 106 Job Corps Centers, the Talking Leaves is one of fewer than 15 accredited by a regional accreditation agency.

We have responded in the following areas with information which will, in part, show:

1. Effectiveness of Talking Leaves Job Corps Center.
2. Areas of Improvement in Management and Cost Effectiveness.
3. Response to the Department of Labor Job Corps Evaluation Process.
4. Alternatives to the Closing of the Center.

- I. EFFECTIVENESS - Since the Center opened in August, 1978, 630 students have earned their GED certificates through December, 1985. During the calendar year 1985, 71% of our students who enrolled in a vocational training class, completed the course work. In 1985, 593 students were served in the program. The latest report from the Department of Labor for the period from 7-01-85 through 3-31-86, rated the Center as follows:

90 day retention	67.6% acceptable
180 day retention	75.5% acceptable
Placement	61.9% unacceptable
<u>Overall rating</u>	<u>Acceptable</u>

The national average in those respective areas is: 67.5%, 75.1%, 85.8%. Thirty-three Centers rated unacceptable overall in this period. These figures indicate that any Center may have a low period of performance. Our area relies on petroleum and agricultural economies, both of which are depressed nationally. It stands to reason that a 61.9% placement is

very good given the ripple effect of the state's economic base. Our service population has a traditionally low self-image, lack of skill, and inability to enter the mainstream of today's society. Therefore, by servicing this population we enable Native Americans to become employable citizens, instead of welfare recipients. 2,990 students in our fourteen county area dropped out of public school in 1985. We have provided a viable alternative to unemployment, poverty, and crime.

2. AREAS FOR IMPROVEMENT - During the past few years, the Center has acquired responsibility for certain Regional Office duties, such as incoming transportation of students to the Center. This was done at no additional cost to the Job Corps program. Because funds were limited the past three years, our staff did not receive annual salary increases. We instituted a savings program which would allow incentive salary bonuses if savings were achieved. Currently, the Regional Office reviews each Center on an annual basis. We believe a review every two years would be adequate and more cost effective. The Center has not received increases in operation cost which would normally keep up with the inflation rate. This contract year cost is the same as last contract year. The Cherokee Nation provided \$15,000 in furniture for the Center, when the Regional Office would not provide the funds.
3. EVALUATION PROCESS - Of 106 Centers, 42 displayed a higher Operation cost than this Center. We believe our costs are reasonable for this size and Center location. The capital costs are for the Center's relocation. These funds are budgeted, but not obligated. These costs should be amortized over 20 years (life of buildings), not "charged" as a one time cost. The time of costs such as lease expiration, site location, etc., should not penalize a Center as it does not influence the effectiveness of program operation.

We do not know the time period which the Department of Labor used in its summary rating. As of 3-31-86 we were acceptable in the overall contract performance standards. The factors used are not an indication of the effectiveness or efficiency of the program. The students are receiving the training and skills they need to succeed.

We strongly disagree with the information contained in the "Location Factor." Talking Leaves is located in the middle of a 14-county area, 11 of which are severely depressed economically. This includes double digit unemployment; 21.0% of the population is below the poverty level in Cherokee County, 27.2% in Adair County, 21.1% in Delaware County, and 18.3% in Muskogee County. This clearly demonstrates the critical need for this program to be located in this part of Oklahoma. All Centers in Oklahoma are at full capacity and have waiting lists for prospective students. Folders of potential enrollees have even been sent out of the Region for other Center's. 9,000 students dropped out of public school in Oklahoma last year. This state only has 1,304 slots for Job Corps, perhaps this state should receive an increase in slots rather than elimination of existing ones. 100 points should have been awarded for our location.

Although the Center receives training at a site located less than one mile from the campus, it is not part of the Department of Labor property. The university campus was approved by the National Office in 1978. The recreation problem has been brought to the attention of the National and Regional Offices many times. They have been unable to offer a solution or correct the problem with the University. A new site would be effective in providing adequate recreation for the students. During Regional Office Reviews, the Center has been complimented on the appearance of the academic area and the low-cost, high-quality training programs available.

Vocational Skill Training (VST) is used to renovate the facility and to perform projects within the community. These funds have been used to rehabilitate the facility at a lower cost than the National Office could have contracted. As the site is leased, we are not allowed to build any new structures which could have benefited the students.

The Community Relations Council is composed of six members of the local area. It actively represents the small business, Chamber of Commerce, ministerial alliance, vocational training, education, and local government agencies in our city. Tahlequah does not offer a large variety of

industry and business from which membership may be drawn. Ours is an active involvement of Center staff and corpsmembers in all phases of community life. We are active in the following manner: two on-center blood drives; several parades in Tahlequah and the surrounding areas; food collection at Christmas for the elderly; Easter egg hunts for daycare kids and nursing home patients; numerous projects with the Chamber of Commerce; clean-ups of the city, river, lake property; assistance with March of Dimes; CROP Walk; Community Action; Eldercare; Elderhostel; Senior Citizens; Youth Shelter; and many, many others. We are an integral part of the University, Cherokee Nation, and the City of Tahlequah. We expected to receive the full value in this category because of our community involvement.

We believe the survey does not reflect the effectiveness and efficiency which the students receive during their training. The fact that the lease is up in 1988 is not the fault of the 225 students and staff of the Talking Leaves Center. It is very disheartening to be informed that we are being penalized for the fact that we must renovate our new location. Other Centers have spent millions of dollars on capital construction of facilities in the past few years, while our costs have been extremely low. Several other Centers throughout the United States are either planning for or are currently involved in major construction projects. Centers are planning for or building new dormitories, swimming pools, gymnasiums, lighted ball parks, and other recreational facilities which will cost much more than the proposed, but not approved \$3.5 million capital expenditure for this Center.

4. ALTERNATIVES TO CLOSING CENTERS - We believe the Job Corps program will be fully funded for FY 1987. This would indicate that Centers should not be closed by the Gramm-Rudman Act. Our information indicates the survey does not accurately or truly reflect the performance of the Centers. Many factors cannot be measured by numbers on a computer; human intelligence and reasoning must be used. Some of the Centers operated by the Federal Government are high cost. Based on the problems of the national economy, Centers should be expanded, not closed.

In a meeting conducted by the Regional Office in Dallas, May 12, 1986, composed of Center Directors and Corporate Officers, several items of the survey were found to be incorrect. This would indicate that the survey results could be invalid or require further analysis, and therefore, a re-evaluation is necessary.

Your willingness to meet with me today is very encouraging. We sincerely believe that closing Talking Leaves would be a mistake -- both programmatically and ethically. Your consideration of our concerns is most appreciated.

Students want Job Corps program saved

By WARREN WEAKLAND

TABLOGRAPH — A lot of kids are going to have a second chance to turn their life around if the Job Corps program is eliminated, according to students at the Talking Leaves Center in Tablograph.

"It would be stupid," said Ricky Adams, 18, of Newton, Texas. "This place straightened me out. I came here 19 months ago with a chip on my shoulder and a nasty attitude as a result of family problems. I was an eighth-grade dropout."

Adams said the instructors and programs have been a blessing. He has received a General Education Development certificate (high school diploma equivalent) and is taking courses that will help make his life more productive, he said.

Adams is enrolled in culinary arts, heavy equipment, building maintenance and landscaping courses.

"If I didn't had this opportunity I probably would be in jail somewhere," he said.

Adams is one of 280 students enrolled at the center targeted for closing Nov. 30 if the U.S. Department of Labor loses its fight.

The Labor Department, "thoroughly convinced plans to close the Tablograph site and centers in Alameda, Kentucky, Colorado, Washington and Oregon because of accusations leveled by Green-Business Industries against the program."

U.S. Rep. Bill Stenholm, D-Okla., a leading opponent to Green-Business, and James Jones, D-Okla., "thoroughly convinced in attending an assembly in a House representative's office in a recent visit that the possible Labor loss closing the center. The House passed the bill later in the day."

The U.S. Senate is expected to act on the bill Thursday.

Operation costs are \$2,000 per student per year, according to James Walker, Job Corps regional director in Dallas, Texas.

Closing the site centers would save \$2.5 million, he said.

The Talking Leaves Center is among the six lowest in efficiency and effectiveness, according to Walker.

The Tablograph center contributes about 20 million to the local economy, said Sports Forward, director.

"They took off 100 points in reading so because we do not have a program," he said. "Our program is just as good as any and we are going to fight to keep it."

The center is housed on the Northwestern State University campus in Lamar Hall, MSU has added for the buildings back with the start of the 1983 school year.

"I hope they don't close the center," said Lori Pugh, 22, of Tablograph. "If they do, many young people are going to be back on the street doing nothing."

Pugh is the mother of a 5-year-old daughter and will be a mother again in the fall.

"Life must everyone have a chance to have that second chance to succeed in something," she said. "I had a hard time getting along with my father, so I ran away from home and was married at 17."

"This is a good plan. There is no different answer you learn how to cope with other people and there are people that can be obtained. I have a GED now and am studying culinary arts and house maintenance. I want to take business courses."

Pugh is one of about seven students who commute to the school each day for classes from 8:30 a.m. to 2:30 p.m.

Christy Davis, 20, of Grove hopes to use her training at the center to go to college.

"I was here in 1980 for 18 months before leaving to try to find a job," she said. "I worked about eight months as a server's aide and it made me realize I needed more education. I applied to come back and was accepted. Now I am studying health occupations."

Students range in age from 18 to 32, according to Principal Joyce Ross.

"The amount of time spent here depends on the individual," she said. "Students progress at their own pace. They can stay as long as two years but many leave much earlier after receiving their GED or completing their training in a

BIA project may face 55 percent cut

TULSA (AP) — There is an element of rough justice in the Green-Business deficit reduction law: all federal programs, save a few sacred ones, are expected to take the same 4.3 percent cut.

Try telling that to the American Indians, who run programs to protect Indian children from being abused or forced into foster care.

"If they do, many young people are going to be back on the street doing nothing," said Lori Pugh, 22, of Tablograph.

"I hope they don't close the center," said Lori Pugh, 22, of Tablograph. "If they do, many young people are going to be back on the street doing nothing."

"We're not fearful of taking our fair share of the cuts. But it won't be a fair-share cut," said Bryce Washington, the child welfare manager for the Cherokee Nation in Tablograph, one of more than a dozen Oklahoma tribes facing a deficit of funds.

The cuts may not be allowed to stand. But in Washington, the House has passed a supplemental bill that includes \$4.3 million to restore the BIA funds, and a Senate committee has passed word to the Department of the Interior that it cannot reduce the cut on the child welfare program.

However, even if the supplemental part of a bill is passed, it may not be enough to get through the Senate. It could face a vote.

particular field. We call it open country, open cut."

Investigators must be certified the same as teachers in the public schools of Oklahoma, Ross said.

Cuts are 10 to 15 percent, except for the remedial reading classes where the center is expected to lose 10 percent of the students are Indian.

"Altruism is no problem," she said. "Most of the students live in the community and are eager to help themselves. They are young

and women like anybody else except they get misdirected early in their life."

There has been at the center eight years, the last five as principal. She is working on her doctorate at Oklahoma State University.

Norma Rando, 22, of Houston has been at the center one year. She wants to study another year and study business.

"I got sick my senior year and got ahead," she said. "That was

the reason for the particular, it is the same old story. Indian kids are sad."

Last week, the Cherokee Nation got more bad Green-Business news: the U.S. Department of Labor targeted its Job Corps center in Tablograph as one of six inefficient centers being shut down.

"We've been fighting this thing forever," said Ronald Burpee, the 20-year-old chairman of the Cherokee Indian Tribe in Lawton, Okla. "Green-Business is making us to Indian tribes. We've experienced a 30 percent cut over the past eight years."

The Cherokee are one of the five tribes in western Oklahoma slated to get funds for their child welfare program. A sixth is getting a partial grant, while no money is available for 19 others deemed equally worthy by a review panel.

In eastern Oklahoma, the situation is complicated by the fact BIA officials' demand that only two of 11 programs deemed funding, even if money were available. Several tribes are appealing the review.

The Committee and the Jay & Pat tribes quote their own children's courts and can take jurisdiction from state officials in most cases. Indian parents have shared their children or moved care for them.

"The center is giving funds the chance to do something good for them."

"I didn't come here I probably would be in better doing nothing, but I have a chance to get ahead. I am thinking about a career in the Army and a college education. If I made it I can thank the program and the people here."

Daniel Roberts, 22, of Tablograph is a product of the center who has graduated. A high school dropout at 18, she studied business courses

Richard Barney, director of child welfare for the Cherokee Nation, said. "It's taken six years to get the people to believe in us, to actually turn their children in and say there's something wrong. They know they didn't do much. They have they didn't want. But we (Cherokees) have always taken care of our own."

Douglas T. Whitehead, coordinator of child welfare for the Oneida Indian Tribe in Shawnee, Okla., which is losing its grant, said that before passage of the Indian Child Welfare Act of 1978, Indians who "went downriver and looked out-ward and at his wife in the car" child being custody.

"Parents might never see their children again... That was actually happening. This is not a good thing," he said. "We're the way to pull out from under us."

James J. Dry, executive director of child welfare for the Alameda Shoshone and Jay & Pat tribes in Shawnee, Okla., said Green-Business does not change the tribes' legal right to receive notification and jurisdiction in child welfare cases.

"The help on law talking to do with two new rights, but we have we've got money and get a staff center. It's very difficult to do anything about them," said Dry.

He is Dennis Gannon, 22, and number of his children, ages 2 to 6.

"I left school in the sixth grade and for a while lived in a foster home," she said. "I got married early but it didn't work out. I always wanted to be a secretary and Job Corps gave me the opportunity to change things around."

"I love my job here and am so to encourage the kids. I tell them, hey, look at me. If I can do it, so can you."

MUSKOGEE DAILY PHOENIX
SUNDAY, May 11, 1986

Mr. MARTINEZ. I have one observation, and it seems you have answered it, but I would like you to elaborate. You feel that you are running that center efficiently, or the people that are there are running it efficiently. And even at that, you say that had there been some suggestions to you of ways you could improve efficiency and make it even more efficient, you were very open to that. You would be willing to listen and actually apply anything you could to make that center more efficient.

Ms. MANKILLER. Yes, it was a very arbitrary and inhuman way that they came up with deciding to close the center. There was no human intelligence at all. I think they picked a fixed point in history, put some data in a computer and the computer came out with a list, and they made a decision to close without any consultation with us at all.

And we do think we have an efficient center. I think it is a very hard job to take people who have dropped out of school, give them a proper education and train them. And there are probably some ways that we can improve that. If there are, and someone would point them out specifically, we would be happy to do that.

But we will stand on our record, we have been told by the very same officials who decided to close us, time and time again that we have an efficient operating center. If we had had a reason to be concerned, we would have been concerned. And if there was something we needed to do, then we would do that.

We have our own very capable staff, and we have access to several very good management firms in Tulsa, if there is a problem, we solve it. That just wasn't pointed out to us.

Mr. MARTINEZ. One other thing that I was interested in in your testimony was the statement you made that these people can't go anyplace else. You know, we bring people from the Virgin Islands to centers here in the United States, and of course that is quite a trip. I know when the Job Corps centers are filled in California, we move them to Nevada. There are a lot of California youth who, if they were going to stay in California, would be waiting in line, but they go to Nevada.

You did say that the Indian people like to be with other Indian people, and I can understand that. When you are in an environment that is more comfortable to you, your mind is more open to learn, and you feel more comfortable with the instruction you are getting.

But that aside, are you absolutely sure that these people could not go some other place, like the centers in Nevada, or some in California, or some other place?

Ms. MANKILLER. Yes, I am. I have been in social services for 20 years, and virtually all of that time has been with Indian people, and part of it was in the educational system, and then part of it in social services. And study after study has indicated that one of the things that will really attract Indian people is knowing that they are going to another place where there are other Indian people, both as students and on the faculty, and in management and that sort of thing.

So, we get a lot of our people from Arizona, New Mexico, and surrounding Indian areas.

Mr. MARTINEZ. In other words, what I hear you saying is even if your center were not the best managed—and you feel it is—you still have the attitude of, why punish the youth for inefficient management?

Ms. MANKILLER. Yes. And the thing is if there were some specific inefficiency that someone would talk with us about, as I said, we have a very capable staff. Sparlan's boss has a Ph.D. in education; our accounting department is run by a CPA, our health department is run by MPH; we have management consulting firms in Tulsa that we can talk with—if someone tells us that we have a problem that we need to resolve, we simply resolve it.

No one has told us anything specific that we can do. And all the factors that they have told us have been refuted. And that's the problem. We are, to put it mildly, devastated. We don't know what is going to happen to the kids and we don't know what is going to happen to the staff. And without the help of people like Mr. Jones and Mr. Synar, we would be lost, because we don't know this whole process, I am fairly new to this.

Mr. MARTINEZ. Thank you, Chief.

Chief, would you do me one last favor and introduce the gentleman again? I didn't catch his name.

Ms. MANKILLER. His name is Sparlan Norwood, he is the center director, and he has been in education for about 20 years.

Mr. MARTINEZ. Mr. Norwood, did you want to add anything?

Mr. NORWOOD. I didn't realize that I was going to speak, but I appreciate this opportunity. When the words "inefficient" and "ineffective" are used, I can refute that, because they are words. I can refute that from my spirit and the spirit of my staff, because no one has come to look us over, no one has come to say specifically why we are inefficient and ineffective. It was done somewhere else, without our participation and without any input from us.

We have been teaching at the Tahlequah Job Corps skills, we have 13 different vocations that we work on. We also teach how to be a good employee. And what we use are the circle theories that our Indian people have developed and many other people around this world for many, many years. We use our head, as our primary circle. It is our fortress. We use our eyes, because we have eyes, but do we really see. We have ears that are circles to receive instruction, but do we really hear. Our mouth is a circle for good words to come out and circle back. Our hands are not for hitting people—we have to teach that in Job Corps, in some cases.

And we have to teach people how to use their hands to lift other people and to help other people, and to improve themselves.

And we stand upon a greater circle, mother Earth, whose initials just happen to spell ME. And that to me means that whatever we do to her, we do to ourselves. That is the primary teaching at the Tahlequah Job Corps. These things somebody could construe as emotional, but they are very solid teaching techniques to reach young people where they are.

Indian people believe that they are the center of the earth, or the center of the universe. And that is a good teaching, too, that does not take away from God's sovereignty, nor does it make man more than what he should be. But we use good solid psychology on our young people.

We have a substance use and abuse program that we developed because Job Corps has been quite slow in developing some of those things we really needed, such as substance abuse, narcotics abuse. We have been working very diligently on that, to bring young people—instead of condemning them for what they do that is wrong, to make corrections and get them to change their minds. Once again, using the circle on their shoulders.

So, aside from that and the fact that we are accredited—people came in from the State of Oklahoma, a very tough bunch of people, who looked us over very carefully and said, "This is an excellent program, your educational program is good."

We are there for many reasons, the residence is a strong part of Job Corps, but it supplements and it supports the education and the vocation program that we have. And we have an excellent program. All down through these years, we have had a split campus, we are located on the university for our residences and our cafeteria, and education and administration; and then we go about a mile, or a mile and a half for vocational education.

And all of this time we have been told, in every review, this is excellent, this is wonderful. And then all of a sudden it is used against us, without our knowledge.

And the way this thing all came down was a very emotional thing, I always feel like if someone else—if Peter Rell, who is the general Job Corps, generals stay back from the battlefield, and that is necessary. The colonels, like myself, are leading the troops. We got knocked off the hill by our own barrage, by artillery from our own troops. And these people call themselves our boss all year long, and then when this comes down, they no longer want to have anything to do with us. And because some administrative person, such as Ronald Reagan, who used to kill a lot of Indians in a lot of movies, he is the acting President, I understand, but Ronald Reagan, you know, is our chief, too. I am a great patriot myself, patriot means fatherland.

We Indians were here first, it means more to us, perhaps, than it does to somebody who had to implant themselves into this Nation. One of the greatest psychological needs for all people in this country is to be part of it, root into it. We have stories entitled "Roots," you know the story of pro-basketball in America, but we have all of these things that people have to pay attention to. And we are here to say that just emotionally, I feel like I got knocked off the mountain and I have my troops lined up now, and we are back on top. We have counterattacked, we have used the method you have to use, we have to counterattack, we will counterattack. And we want to prove to our own bosses that they are wrong about us.

I don't think Mr. Rell has ever been to our center, to really evaluate it. He gets paperwork all of the time, and that's commendable, because I get paperwork all of the time, but I also go down and visit the folks, and sit down and eyeball them, eyeball to eyeball. And I would appreciate that, if somebody wants to eyeball me, come and do it head on, because I believe that anything that comes against us, an obstacle that comes against us is power for us, if we know how to use it.

When you come to a point of decision and you have two ways to go, you can go up or down. And we want to build this Job Corps into a good credible Job Corps.

When I first came in, 7 years ago—

Mr. MARTINEZ. Could you wrap up?

Mr. NORWOOD. Yes, sir. Seven years ago, when I first came in, I asked the question what does it take to build a good Job Corps, because I came in from public education. When I was offered the job by the Chief, he said, You are going to be the last of the on-the-job trainees in management in the Cherokee Nation, that was Ross Swemmer. And I said, OK, that's fine. And he said, I want you to run the Job Corps. And I said, what is Job Corps?

Well, I can tell you today what Job Corps is, because it is a bunch of people and it is kids that you give inspiration, give them motivation and they will do the job. But you can't give it and then jerk it away. We have got to continue now. We are right on the threshold of those good decisions, we are right on the threshold of those good things, and we need that opportunity.

Mr. MARTINEZ. Thank you, Mr. Norwood.

Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman.

I apologize for not being here for all of the testimony. I was doing some questioning in another committee that started earlier this morning. But I want you to know, Chief, that I have read your statement, and while I have not yet read the statements of my distinguished colleagues, you are in good hands with these guys, even if they are the wrong party. [Laughter.]

I think you bring up the one question that I have had all along. I am not at all opposed to some kind of classification based on cost and efficiency. I am not at all opposed to closing inefficient centers to maximize slots, to use the available resources to their maximum.

I don't know whether or not the present rating system, however, is the proper system—and I think you address a number of those concerns.

The question I have for you refers to the fact that you indicated at the end of your statement that a meeting was held earlier this year, of center directors and corporate officers. My question is, at this meeting or at another time have your center directors and corporate officers ever put together a proposed rating system, that would be something we could review and consider as the basis for moving toward efficiency?

Ms. MANKILLER. I have not done anything like that. We could do that; yes. And some of those points are raised in the testimony, and we could put together a team pretty quickly that would use objective criteria and realistic criteria for those kinds of decisions.

I think really and truly that programs like Job Corps should be expanded, and I would like to see more job centers, rather than less job centers. But if there is some criteria that people have to use to gauge accuracy, there are all kinds of ways that that can be done.

This present system is not a good system, and the data was just absolutely off, completely off.

Mr. GUNDERSON. I would appreciate very much if you, and some others, could provide those kind of suggestions and proposals to this subcommittee.

Ms. MANKILLER. OK.

Mr. GUNDERSON. Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Gunderson.

Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

I note that Congressman Jones is going out the door. Jim, we appreciate having you here and also your good leadership of the Job Corps through the years. I particularly remember your good support for Job Corps, and Indian programs in particular, when you were Chair of the Budget Committee, and I served one term under your leadership, I want to commend you for all of this.

Mr. JONES. Thank you, sorry I have to leave.

Mr. WILLIAMS. Congressman Synar and Chief Mankiller, and Director Norwood, we are delighted to have all of you here today.

I know that Congressman Synar has to leave, and that we have other witnesses. Therefore I will be brief. But I want to make a point, and that is that trying to help the Job Corps is not a job that starts when the center is in trouble, or marked for closing. Trying to help Job Corps centers, particularly here from Capitol Hill is a year-in, year-out effort.

I must say, Mr. Chairman, and I realize the frankness in this, but there are deathbed conversions to the cause of Job Corps centers. Not all of the people that come before this committee—and Congressman Jones and Congressman Synar are exempt from this—but not everyone that comes before this committee asking for sudden help for Job Corps centers has been there month-in and month-out, year-in and year-out.

And not everybody that testifies before this committee and other committees to try to save Job Corps centers votes for Job Corps centers. In fact, they vote against them, time and time again, on appropriation bills and on budgets. Those of you who are the strongest defenders of Job Corps centers need to continue doing what I am sure you have done in the past. You need to look at the records of Members of the Senate and House, and find out who the deathbed conversions really are. Who suddenly is for Job Corps centers, when they have spent a career trying to kill them? And it is not Congressman Jones, or Congressman Synar.

Also I know, Chief, you have been a long supporter of the centers, and of course, Director, I know you are, as well.

Thank you.

Mr. MARTINEZ. Mr. Henry.

Mr. HENRY. Thank you, Mr. Chairman.

I began by saying that we have three issues that are tied up together—first, how we are going to meet the Gramm-Rudman reductions, second, protecting slots, which is one of our concerns; and, third, the question of efficiency.

Now, this is really the first time we have been able to see how the ranking was determined. I just want to point out a couple things using the example of the Talking Leaves Center.

Out of a possible 100 points, you get zero, because your projected 5-year capital costs is \$14,444. I don't know if they talked to you

about that, or not—apparently they didn't, but you get zero points. But I note that on facility quality points you get 40 points. Now, if I go way down the list, or way up the list, to a facility that ranks sufficiently high, and under the scheme is in no way threatened, you then get a center that has zero 5-year capital costs.

If I go down to Treasure Island, CA, for example, there is no capital cost outlay and this facility gets 100 points, which is fine, if you are going to be expensive and they are going to be cheap. But note that their rank on facility quality points is 10 points below yours.

So they are rated below you, so they lose 10 points there, but somehow they are picking up 100 points because they haven't scheduled any capitalization improvement. Whether you schedule capitalization, I don't know, but the whole thing leaves questions—I just cite that.

Mr. MARTINEZ. Would the gentleman yield?

Mr. HENRY. Yes.

Mr. MARTINEZ. In other words, according to what you have just outlined there, the quality of the center meant nothing, as compared to the cost of improvements down the road. So, if their center would have eliminated their capital improvement cost, they would have received 100 points and ranked higher than that other center?

Mr. HENRY. That's correct.

That's Mr. Strang's problem, as well, on community relations. Obviously we are going to hear the other side respond. We deserve to hear them out, but how do things rank when you have a situation as he described in Collbran. In Collbran the Job Corps has about 261 trainees, plus staff, and is now as large as the entire community in which it is located at a small crossroads. This western plains type community has got a barber shop, a community grocery store, a gas station, two bars, and a liquor store. How do you knock this center down because they tell the kids not to hang around the bars and the liquor store?

And in both cases we have heard that there was no development between the centers and the Department of Labor in this evaluative process.

Now, I will be first in line, and put myself out even if it is my own center, if there is a fair study that is worked in conjunction with those who are administering them, and also in that sense it is really defensible, in other words comparing apples to apples, and oranges to oranges. That is really what the issue is going to be here.

I thank the Chair.

Mr. MARTINEZ. Thank you, Mr. Henry. Mr. Perkins.

Mr. PERKINS. I certainly have no questions for this panel. I very much appreciate them taking the time to come here and give us their insight to the workings of an actual Job Corps center on a day-to-day basis. I thank them greatly for the time that they have expended and the effort that they have put forth to be with us today and tell us about what is going on with the people in the Job Corps center.

Thank you very much.

Ms. MANKILLER. Thank you. And I thank you very much for the opportunity to speak.

Mr. MARTINEZ. Chief, I want to commend you for your eloquent testimony and for expressing your thoughts. We appreciate it and are very glad you were with us today.

Ms. MANKILLER. And I appreciate no one asking me about my name. [Laughter.]

Mr. MARTINEZ. I had talked about it in my office though.

I would like to call to the table Roger Semerad, Assistant Secretary for Employment and Training, Department of Labor; F. Dale Robertson, Associate Chief of the U.S. Forest Service, U.S. Department of Agriculture; and Joseph Doddridge, Deputy Assistant Secretary for Policy, Budget and Administration, U.S. Department of the Interior.

Mr. Semerad, I don't know if you are prepared to make a statement, or just answer questions. But if you would like to make a statement, and if Mr. Jones, or Mr. Peter Rell, or any of the gentlemen here would care to make a statement before the question period, we can start with you, Mr. Semerad.

STATEMENT OF ROGER SEMERAD, ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING, U.S. DEPARTMENT OF LABOR

Mr. SEMERAD. Thank you, Mr. Chairman.

I would like to submit my prepared statement for the record, but I would like to open with some remarks, if I may.

We certainly are aware of the interest in the Congress in keeping all Job Corps centers open, and maintaining our current service level.

Contrary to some of what we have heard this morning, as I have said before, before this committee, Congress and others, this is not an exercise—the opening exercise to try and close Job Corps. I guarantee there is nobody in this room that has a stronger commitment to the purposes of the Job Corps, who has worked, as I have for many years, with disadvantaged kids. And I would be betraying a long career for me to have any other position than that.

So, I don't want anybody to think that what has come before Secretary Brock and my stewardship at the Department of Labor is necessarily the continuing plan. It is not true.

We are trying to deal with the Gramm-Rudman-Hollings. We did not vote for Gramm-Rudman-Hollings. We also have—

Mr. MARTINEZ. I didn't either.

Mr. SEMERAD. We have very little discretionary money, Mr. Chairman, for which to find the savings mandated under Gramm-Rudman-Hollings. Unfortunately, it causes us to have to make painful choices between programs. We have examined a number of alternatives and opportunities to make savings. We looked at administrative actions, we have identified permanent ongoing reductions in overhead and support costs, but we still find ourselves left with \$20 million in permanent cost reductions that we have to come up to, mandated by law.

We considered across-the-board slot reductions in all 106 centers. And as you know, most of the costs are fixed, so what we end up with, we would have to reduce slots by 6.2 percent, in order to

come up with the 4.3 Gramm-Rudman-Hollings mandated costs reduction.

The action that we have identified, ongoing and permanent reductions, we lose only 3 percent in slots, in order to come up with the 4.3 Gramm-Rudman-Hollings. We have looked at across-the-board belt tightening. And, as you know, in the last few years, we went to contract out a good many centers and streamline administrative procurement, other kinds of operations. On the one hand, that was very successful, we did squeeze out a lot of unnecessary costs, but now we pay somewhat of a penalty because it doesn't allow us a flexible manner to proceed to squeeze more out.

We have problems because roughly 30 percent of our centers are not run by the Department of Labor. As I have testified before, if we had the ability to compete all centers, we believe we would have been able to save enough to have to close only four centers. We would have had a savings of something on the order of \$7 million.

Congress didn't allow us in appropriations language last year, so we have not been able to put these 30 centers to a comparative test. If we had removed that restrictive language, we could provide additional savings, reduce pressures to close centers and we could serve more youth.

The whole matter of construction using money that has been earmarked for construction, rehabilitation is, in our judgment, shortsighted, it constrains our ability to move our resources over the period of the time that it takes to do these construction projects, and it doesn't come up with any savings, because we really would be borrowing from Peter to pay Paul.

We would also be here before you, Mr. Chairman, if certain things were not taken care of, in terms of the physical facilities, and we were not addressing safety issues and things—the welfare and the teaching environment of the young people in the Job Corps centers.

We are aware that you are considering full funding Job Corps, and perhaps even additional funds in 1987. If this were to occur, we believe we could more than restore the capacity that we would lose over the short term, and we think, as I testified before, we would like to implement a number of things that have been learned in various centers over the years system-wide. Because we think we can get a lot more yield from the available slots now, which, as you know, we run 1.7 young people through the slots, we can do better than that, I think. But we have to go with well managed, highly efficient centers in order to get from here to there.

I do feel very strongly that we are driven in this exercise largely because of the requirements of Gramm-Rudman, as you know, that budget program year we have to make decisions now, because the program year starts in July. We have maintained that we would have young people in the system to complete at the center where they are now, or elsewhere. We have, indeed, consulted with Congress all through this—this is not a surprise. I have testified a number of times, the criteria have been publicly made available and discussed. We have a strong commitment to improve the Job Corps Program. We want to work with Congress in meeting that objective.

We do not believe, however, that perpetuating centers that are more expensive and basically limit the expansion of slots throughout this Nation is the best way to go.

Mr. Chairman, I am pleased to be here; Mr. Jones and Mr. Rell will be glad—and my colleagues from other agencies, will be glad to answer any questions you have.

[Prepared statement of Roger Semerad follows:]

PREPARED STATEMENT OF ROGER D. SEMERAD, ASSISTANT SECRETARY OF LABOR, U.S.
DEPARTMENT OF LABOR

Mr. Chairman and Members of the Subcommittee:

I am pleased once again to have the opportunity to appear before you to testify on the Job Corps program.

You have asked me to discuss the Department of Labor's plans concerning the closing of six Job Corps centers, necessitated by the Gramm-Rudman-Hollings budget reductions, and to consider what can be done to keep centers open and maintain service levels despite the Gramm-Rudman-Hollings reduction. We are keenly aware of Congressional interest in keeping all centers open and in maintaining current service levels. That is why we have consulted with the Congress throughout the process of deciding how to accommodate the reductions, and we will continue to do so.

I would like to reiterate what I stated in my appearance before you last month. We believe the Job Corps is a good program and that we can make the program even better by taking the actions I described in my April 22 testimony to increase successful outcomes and reduce costs. Our intent is not to begin the dismantling of the program, but to make the best use of available resources to serve severely disadvantaged youth.

As I indicated to you in my earlier testimony, the Gramm-Rudman-Hollings sequestration requires a cutback of \$27.5 million for the Job Corps, or 4.3 percent of the \$640 million appropriated for Program Year 1986. The reduction is effective on July 1, 1986, the beginning of the Program Year.

We fully understand Congressional concern over the adverse local impacts resulting from center closings, and we have carefully examined opportunities for achieving the \$27.5 million reduction without closing centers. We looked first to generating savings through administrative actions, such as reducing overhead, support and other costs not directly related to local center operations. For the past three years we have undertaken management initiatives to streamline administrative systems and reduce overhead and support costs. These efforts have been quite successful and leave little opportunity for further administrative cost reductions. We have been able to identify and will make permanent, ongoing reductions of \$7.2 million in overhead and support costs. This leaves a balance of \$20.3 million in cost reductions to be achieved elsewhere.

We looked at the possibility of leaving all 106 centers in place and cutting their capacity across-the-board. However, because a high proportion of center costs are fixed, to achieve the necessary savings we would have to reduce capacity by 6.2 percent, and unit costs would increase. We believe this is going in precisely the wrong direction. Conversely, by closing some centers, only a 3.0 percent capacity reduction is necessary to generate the same savings. That is, we can serve more youth in need by closing some centers than by cutting every center.

Another approach we considered was across-the-board "belt tightening," requiring all centers to absorb a 4.3 percent cut while maintaining full enrollment and quality of services.

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However, we rejected this approach because it would cut into necessary expenditures for center operations, such as food, clothing and support for corpsmembers and very well might adversely affect the quality of the program, or the safety, health and welfare of corpsmembers. With the exception of Civilian Conservation Centers, current operating budgets are the result of intense competition among private sector firms that was initiated three years ago. This competition has lowered costs substantially over this period, and we do not believe that further cost efficiencies are possible, without significant changes in program design.

We also have considered a deferral of construction funding to Program Year 1987, an approach that has been suggested by a number of Members of Congress. The problem with delaying needed facility rehabilitation is that it does not result in any real savings and has potential serious negative consequences. The design and construction process is a lengthy one, involving architectural and engineering design contracts as well as construction. Delaying projects would require corpsmembers to live and learn in substandard facilities for at least another year. A delay will inevitably result in further facility deterioration, adversely impacting on performance, and could, in some instances, pose safety and health problems. Also, the cost of remedying the deficiencies will increase, and future appropriations will be mortgaged since the construction must still be accomplished. Perhaps most important, this approach will increase unit costs and result in services to fewer youth. Mr. Chairman, I would like to provide for the record a letter to Congressman Natcher which details our concerns about using construction funds to keep all centers open.

As you can see from this analysis, the only satisfactory conclusion we can arrive at is that the remaining \$20.3 million in required savings has to come from the closing of centers. The six centers we selected for closing are the Mingo Civilian Conservation Center (CCC) in Puxico, Missouri; the Talking Leaves Job Corps Center in Tahlequah, Oklahoma; the Frenchburg CCC in Mariba, Kentucky; the Collbran CCC in Collbran, Colorado; the Curlew CCC in Wauconda, Washington; and the Angell CCC in Yachata, Oregon.

We selected these centers through an objective evaluation system, without regard to "political" adjustments. Our system assures a number of desired outcomes--that the most efficient and effective centers are retained, that the remaining centers will afford the best possible learning environment and that the proposed closings are distributed geographically in a manner which maximizes equitable access to poverty youth.

We are aware of the House amendment to the FY 1986 Supplemental Appropriations Bill, H.R. 4515, that would prohibit the Department from closing any Job Corps centers or reducing service levels. Since this amendment would in effect require that we use construction funds budgeted to remedy facility deficiencies in order to keep all centers open, it potentially would have the serious negative consequences I have described. Certainly, it would constrain our ability to maximize Job Corps service levels on a long-term basis.

The six centers we have selected for closing are high cost and ineffective or inefficient. Closing these centers is simply good management. We believe these centers should be closed even if we are directed by the Congress to maintain slot levels.

We also are aware that the Congress is considering full funding for the Job Corps for Program Year 1987. However, even if the Congress decides to restore funds in the future,

the centers identified should be closed. With these funds we could restore more capacity than is lost in the six center closings by putting the money into the better centers. The closings will result in a capacity reduction of 1,223 slots and a savings of 20.3 million. It also will lower unit costs. With this same \$20.3 million we could add at least 1,700 slots to the better centers should funds become available in FY 1987.

The Civilian Conservation Centers operated by Federal staff of the Departments of Agriculture and Interior cost substantially more than those contracted out to the private sector on a competitive basis. We estimate that we could save at least \$7 million by competing the operation of the CCCs against private sector bidders. However, this is prohibited by FY 1986 appropriations language. Removal of this restriction would provide an additional source of savings. It would reduce the necessity to close centers and allow us to maintain a higher slot level. Given the pressures on the Job Corps budget, we believe that it is essential that Congress remove this restriction.

I want to assure you that the center closings will be planned so as to minimize the negative impact on corpsmembers. The centers are scheduled to close on November 30, 1986. All corpsmembers will have an opportunity to complete their training, either at the center where they are currently enrolled, if they are close to graduation, or at a nearby center with the same vocational offering.

Mr. Chairman, you know that I share your concern for the disadvantaged youth of our country and that I view the Job Corps as an important program for addressing their needs. My goal is to use the funds that are available to us as effectively as possible. I hope that the Subcommittee shares my objectives of maximizing the number of disadvantaged youth we are able to assist with these resources. I believe that the plan we have developed allows us to do just that.

This concludes my prepared statement. At this time I would be pleased to answer any questions that you may have.

Mr. MARTINEZ. Do any of you gentlemen have any opening remarks that you would like to make?

[No response.]

Mr. MARTINEZ. I am going to have to leave for a short while, because I have a very important meeting taking place, but before I do leave, I would like to ask several questions.

In my mind, if you are talking about cutting the demonstration fund, that has got to be a discretionary fund, especially in lieu of the fact that it started at \$17.6 million, and then was pared down to \$12 million. I don't know how that paring took place. Would you just elaborate how it got from \$17.6 to \$12 million?

Mr. SEMERAD. We took the five, in order to reduce—to come up with some money. But bear in mind, if we use up the 12, that means that we can't try any new ventures, or to demonstrate the successes—we have a lot of centers out here, and all the criticism of the evaluation system, the centers—the high side of the scale aren't quarreling with the rationales that were applied.

We have a lot of center operators out there who are doing really a fine job for the young people.

Mr. MARTINEZ. If I was on the high side, I wouldn't complain either, I wouldn't rock the boat. But the fact is that there are other federally run centers, and let's say particularly in Kentucky, that get an exceptionally high rating, and they are run by the Federal Government.

And since they are run by the Federal Government, if you have one that is doing so poorly, why couldn't you have transferred management—if it is management that makes it run efficiently, or inefficiently—management techniques, styles to that one center and improved it, to the quality that the others were?

That is one question that I was asked and I would like to know the answer.

Mr. SEMERAD. Well, I think the gentlemen from the departments that run those agencies ought to respond to that.

Mr. MARTINEZ. Would either one of you care to elaborate on that?

And as long as we are going to talk about that, let me ask you, too, to give us your opinion of the efficiency of operation of the center that you are talking about closing.

Mr. ROBERTSON. Well, I am with the Forest Service, and we run 18 centers under a cooperative agreement with the Department of Labor, and we have 3 of the 6 that are proposed to be closed. In answer to your question, these centers, we have some very good centers and also, in relation to the good centers, problems occur from time to time. And running a center is a 24-hour-a-day, 7-day-a-week, 365-days-a-year job. And problems do occur at times, and the management of those centers is very critical, and we have had some centers that have had some serious problems.

In fact, we have one center that we have some problems with, and we are taking actions now to transfer several of the key management staff there, to bring in a new staff, to try to get on top of the job.

Based on our experience, you can go from a good center to a center that is having problems very quickly, and also, over time you can correct those problems. That is part of our job, to try to

beef up and solve the problems we've got, if the centers are not performing up to the top level.

Mr. MARTINEZ. One last question, because evidently, according to the rating, they have several of the federally run centers very low on the scale and slated for closing. Can you explain to us the apparent high cost of the Government-run centers and where improvement could be made in their overall efficiency and effectiveness?

Mr. ROBERTSON. Well, one of the differences on the federally run centers, in the case of the land management agencies, our budget includes some funding for what we call vocational skills training. And there are other outputs, other than just training young men and women at these centers. We end up with capital investments such as buildings, roads, trails, and recreation areas. And this is funded through the Job Corps Program that these employees work on. Unlike a lot of other centers where they, say, build a wall and as soon as they get it right, they tear it down, just for training, as opposed to having an output.

So that is one area where, in our case, the cost and increased costs to run a Federal center, as well as we have a high proportion of union instructors. We have co-op agreements or contracts with the various trade unions like the carpenters union, the plasterers, the masonry, heavy equipment, painters, and bricklayers. And actually, the unions come in with their instructors and provide the training.

And we find that that is more expensive than say if we just have our own staff doing that. And that was one of the factors that runs up our costs in the Forest Service.

Mr. MARTINEZ. Thank you.

I would like Mr. Doddridge to answer the same question. I am going to have to leave, I am running late to my meeting, and I want to turn the chair over to Mr. Williams. But for the record, would you answer that?

Mr. DODDRIDGE. Yes, Mr. Chairman.

My name is Joe Doddridge, I am Deputy Assistant Secretary for Policy, Budget, and Administration of the Department of the Interior.

The Interior Department runs 12 Job Corps centers, under the auspices of the National Park Service, Bureau of Reclamation, and the Fish and Wildlife Service. I would echo what my colleague from the Forest Service has said, that we cannot deny that—and we are certainly aware of the type program that we run in our parks and in our refuges are somewhat more expensive than some of the other contract centers. We think this is due to a number of different reasons—higher salaries, Federal employees under the wage system. Two, the significant difference in the type of training, where we also look at it, we are more into construction trades and things of that nature, heavy equipment training programs, as opposed to some of the other contract centers.

And as the gentleman from the Forest Service said, all of our centers are located—most of our centers are located in the rural districts, 100 percent residential and this does somewhat increase the cost.

Mr. WILLIAMS. Mr. Gunderson.

Mr. GUNDERSON. Thank you, Mr. Chairman, and to all of you for being here today to assist us in reviewing this whole issue. I don't know if it is a commentary, or not, that 16 of 25 of the lowest ranking centers are Government operated. I think it sends out a signal, and I would be interested, Roger, whether you or anyone else would care to elaborate generally on the concept of why Government-run centers are more expensive than those which are operated under contract.

Mr. SEMERAD. Well, I think that the conversation really has been engaged in the past, and we have tried to do something about it. I think that the Federal centers really have some cost constrictions that they can't really do anything about, because of the salary schedules, as well as the nature of some of the programs. Clearly Federal centers that deal with high-cost subjects like building trades, or something, are going to run a bit more expensive, and they are going to run a bit more expensive whether they are contracted out, or whatever.

However, the fixed-cost structures, personnel costs, we can move. We have no ability—you can criticize us for bad management, inefficiency and things, but there is nothing we can do about those fixed costs that are driven by the Federal payroll schedule.

So, I think that none of us sitting here today can do anything about that. And our best efforts—because the only places you can trim would be in problematic, in areas that really could reduce the quality of the instruction rather substantially.

We think the same kinds of jobs could be done in those communities that are currently done by federally operated centers, if they were put out to private bid in the competition process. We don't think that the communities of the Nation would lose anything; indeed, we could provide more slots, more places for young people, if we could make those savings, which we are prohibited from doing.

Mr. GUNDERSON. We need some rationale as to how the whole rating system was developed, and background. I don't know if you have a long-term discussion paper that our committee and staff can review, or not.

But let me share with you a few introductory comments, and then get some response on them.

If I were developing a rating system, I think I would start with only one criteria, which would be the center performance. And once I had established center performance, then and only then would I begin using a secondary set of criteria for review.

And, obviously, as you look at the list, some of the centers that are not at all in trouble do not have very good performance ratings at all. There are a number of them well below 100 on center performance, out of a maximum of 300 points. And it would seem to me that we ought to be looking from that perspective.

And then I look at Potomac, which is not on your closing list, but is fairly close to it. I would guess if we had a second round of center closings, Potomac would be listed as one of those to be closed. And I think this is rather ironic, because Potomac has probably done more to save Job Corps in the eyes of this Congress than any other, because it is a site close by that we all visit. I can't imagine you would want to close that, because that is one you have

to send all of us to, when you have to educate the new crop of Congressmen. I was there a couple of years ago, I have been through that learning process.

And you look at the centers as well in their contribution to the community. Potomac has only 16 points. I mean, how in the devil can a site in this area compare in providing contributions to the community, when we have a multimillion-dollar budget to clean up the parks in Washington, DC, for all of the tourists?

Last night and this morning I bet I have seen no less than 50 to 100 different Government gardeners out there planting new flowers. I am not opposed to that, but I think it shows the difficulty in coming up with any kind of an objective analysis system.

Share with me what you have done and the rationale behind it, if you would.

Mr. SEMERAD. Congressman, I am going to ask Pete Rell to talk about how the system was developed. And, as you can appreciate, it is a multifaceted—unfortunately, we can't just go with performance by measure, there are a number of other facets, budgetary and otherwise, that drive us into other areas of criteria which we have tried to examine.

But I would also say that a situation where we were fully funded next year, or even increased, the fact that we would close a center does not necessarily exclude us from opening a more efficient center. There are a number—as you know, some of your colleagues—there have been a number of proposals for different kinds of centers that would take advantage of some of the things we have learned, some of the efficiencies that we have managed to establish.

So, I think that just because an inefficient, poor performing center was closed does not mean that the center, or the slots are lost by any means.

Mr. GUNDERSON. I share the philosophy on preserving slots. And I just want to assure you, Roger, I am not going to campaign for new centers in my district. So, you can relax.

Peter, go ahead.

Mr. RELL. Mr. Gunderson, you are quite right, it was a difficult process in coming up with an evaluation criteria. I well appreciate the testimony on the part of Chief Mankiller and others who did not come out well on this criteria. The natural inclination is always to shoot the scorekeeper. And I recognize that.

Mr. GUNDERSON. Are you the scorekeeper?

Mr. RELL. Yes, sir.

Mr. GUNDERSON. I just wanted to make sure sure everyone knows that it is not me.

Mr. RELL. We have tried to do the best professional job, we sat—by we, I mean our entire field structure, our regional directors who have very close, direct responsibility for the operation of the centers. We also consulted with the Departments of the Interior and Agriculture, and asked them what kind of factors they would consider.

After a great deal of debate, we figured that we could not simply just take performance, as you suggest. The dollars are an important factor. A high cost center versus a low-cost center makes a difference in the number of slots for young people we can serve. And,

therefore, we thought that the dollar aspect deserved some recognition. We thought performance was important, as well. And we tried to strike such a balance. Mr. Gunderson, between the dollar aspects, in terms of operating costs per slot and the performance aspects, both worth the same amount of points here.

Mr. GUNDERSON. Could I ask you a question?

Mr. RELL. Certainly.

Mr. GUNDERSON. Here is one of my concerns on the operating costs, or cost per slot. Coming from rural America, having gone to a two-room country school, to say nothing of a small high school, I get a little paranoid on this issue where we say that the only way we can maximize efficiency is to increase the size, or the enrollment.

I mean, obviously, your big centers are going to have a much lower cost per slot than your small centers, right?

Mr. RELL. That is generally true, yes, sir.

Mr. GUNDERSON. So, I have to tell you I am very hesitant about establishing as a policy something that moves in that direction for efficiency, when I contend that I got just as good education as all my colleagues in this subcommittee, even though I went to that two-room country school.

So, I think we still have to go back to quality of performance as a major criteria and use the other as secondary.

Excuse me, go ahead.

Mr. RELL. I think you are quite right, and that is why we have more than one factor, to try to strike a balance here. One balance is between operating costs and performance.

Then, second, quality of learning environment does seem to us, after consulting with many people, with many years of experience in operating Job Corps centers, that the quality of the learning environment does, also, make a difference. We try to recognize that.

The locational aspects, the rural areas, the small schools versus the big centers, urban areas and the like, we try to achieve some balance there by assigning some points, taking into consideration the location factor.

Mr. GUNDERSON. Where is a good location?

Mr. RELL. The location factor that we used here was strictly, Mr. Gunderson, a comparison between where we presently have our Job Corps capacity and where the poverty youth of the United States are. We compare the distribution of the poverty youth population with the distribution of the Job Corps capacity.

Mr. GUNDERSON. So the purpose is to minimize transportation costs of students and enrollees?

Mr. RELL. Yes; primarily to ensure equitable access, Mr. Gunderson. Transportation costs are a consideration, as distances increase the costs increase, but it is not that major—Greyhound and Trailway costs are not that large. There are other problematic factors operating here, and that is that kids, 16 to 21 years old, get homesick.

Mr. GUNDERSON. Conceptually, are urban centers higher location points, or lower location points?

Mr. RELL. They are higher location points. We have tried to measure the population distribution on a State, regional and local basis, with regard to the local, those that got the local points were

those that were in close proximity to the major concentrations of disadvantaged youth, which are found, sir, in the major cities.

Mr. GUNDERSON. Go ahead. I don't think that is fair, but go ahead.

Mr. JONES. Let's just complete it, Congressman. Also, in relation to the numbers of centers versus that issue, it is not just location, it is—in a case like Kentucky, for example, where you have five centers it versus that whole spectrum of minority youth, or disadvantaged youth, and how that distribution relates.

So, you may well have one center, in an area with small statistics, which would be fine, but the problem gets compounded, however, when there are five or six centers in an area where you don't have high density of youth. That is where the distribution—or vice-versa, where in some of your major metropolitan areas where you have either no centers, or one center versus a large population. It is the proportionality that we have tried to take a look at, in general.

And I do think that is appropriate. Now, it is not a dominate factor, and you wouldn't want to make it a dominate factor.

Mr. RELL. There was some mention, or my colleagues from the other departments mentioned that one of the aspects of the civilian conservation centers was that they do have construction trades and are able to make a contribution to the forests, parks and trails, and local communities.

This is recognized in our system as well. They point out that construction trades cost more to operate in a center. Therefore, those centers pay some penalty in this cost aspect. This is an offset here, the vocational skills training contribution is purposely designed to recognize that contribution, and recognize that there are costs involved in generating it, and it is a 50-point offset to a 300-point cost factor, to recognize that. Which, incidentally, is proportional to the share that the vocational training costs are of the overall costs. It wasn't picked at random.

Mr. GUNDERSON. Let me ask one final question. Are you people willing to work with this subcommittee and to work with center directors, to come to a mutually agreed upon rating system, with the recognition that if you do so, everyone recognizes the overall direction of this effort, of your goal, must be to maximum efficiency, preserve slots, or even increase slots for the dollars—all that can prevail, provided we can get agreement on that rating system.

How strongly do you feel on this, Roger?

Mr. SEMERAD. Well, I feel that the immediate answer is, of course, I think this is really the first time that all 106 centers have seen any measure vis-a-vis their colleagues at other centers. So, we've clearly got everybody's attention.

I think that we can always do better in developing an evaluation system, especially one that tries seriously to be—obviously, it is not politically sensitive, but I think that that, for my purposes, given the schedule that I have, is a different issue than should we go ahead with what we are proposing.

And I would say, yes, we should go ahead with what we are proposing for a lot of reasons, none of which are particularly popular if you are affected. But, nevertheless, the answer to your question is that we would welcome a continued evaluation of the improve-

ment of a rating system that became a standard part of the Job Corps community.

Mr. GUNDERSON. Thank you, Mr. Chairman.

Mr. WILLIAMS. Thank you very much.

Mr. Doddridge, describe for us the technical assistance and efforts that Interior made to improve the center at Mingo, which I guess from looking at this list, is the worst of the worst. What has been done in the last few years to try to improve that operation?

Mr. DODDRIDGE. Mr. Williams, as far as Mingo is concerned, there has been an ongoing priority, not only within the Department of the Interior, the Fish and Wildlife Service, but working with our colleagues at the Department of Labor to improve the management effectiveness of that center.

Congressman Emerson has also been quite interested in that. In fact, we just sent a report to him within the last 2 days, following up on the number of things that we have tried to do to bring Mingo up to—to improve its standards.

Mr. WILLIAMS. Describe some of those things.

Mr. DODDRIDGE. Some of the things that are of pressing need at the moment, for example, is a new dining hall. The former dining hall burned down. We have made funds available by looking at other places within our camps, and the Department of the Interior will get the funds available to rebuild the hall. That is being done and we should have a contract let within the next few days to correct that.

Also, one of the things that we felt that the staff members needed was increased management skills and management training. We have just completed an effort to train the entire staff in improving their management skills.

Mr. WILLIAMS. Mr. Robertson, the USDA center that is lowest on this list is apparently Frenchburg. What kinds of assistance throughout the years or more recently has been provided to that camp to improve its operation?

Mr. ROBERTSON. Frenchburg is one of our newer centers, it is in fairly good shape in terms of the physical facilities, but we have had some management problems there. And there is a case where we had a staff that had lost some of its sympathy with corpsmen, and there was not good relationship between the corpsmen and the staff that has caused some particular problems.

We, too, have emphasized some increased management training and skills, but we also transferred several of the top staff, and brought in a new team to that center.

Mr. WILLIAMS. Obviously, what I am trying to do here is to determine what efforts have been made in the past, and might be made in the future, to improve the operation of those centers which through one ranking, or another, have been found to be somewhat wanting. It seems to me that we ought to try to improve the centers, rather than just sealing the coffin and burying them. Particularly inasmuch as Job Corps does not now serve a large percentage of the youth who could benefit from it.

Therefore as we find problems in the system, it seems to many of us wrong-headed to begin to amputate rather than cure, given the fact that there are so many young people out there who are not being served, but are fully eligible for Job Corps. It is just that

there are not enough centers, and Congress shortsightedly hasn't appropriated, I believe, and the administration hasn't asked for appropriate amounts of money.

How much does it cost, Mr. Semerad, to close each of the six centers? What is that cost, Mr. Rell, perhaps you can answer that.

Mr. SEMERAD. Congressman, that is approximately \$4.5 million in total.

Mr. WILLIAMS. Would you describe to me the fund or rather the location of the fund.

Mr. SEMERAD. Pilots and demonstration.

Mr. WILLIAMS. How much is in that fund and how is that fund handled, in relationship to other funds? Is that fund the same money as an R&D Fund?

Mr. SEMERAD. It is the same appropriation. I think we had put \$17 in our budget, but as I said earlier, we cut it to \$12 million, to take five out of it, to help forestall additional closings. That is discretionary money, it is money, as I said, designed to try to take the examples that we have achieved and some new ideas, and making even more slots available.

And I think, along that same line, in terms of these programs, at the bottom of the queue, I think—we are not asleep in terms of trying to help and provide technical assistance, but I think we have to look fairly at the positive—the other 100 programs that are doing better. And the efforts that we have, although imperfect, we've got an awful lot of centers in this country that are doing very, very fine work. And that is not an accident, I don't think.

Mr. WILLIAMS. Although we haven't talked to each and every center director, we don't find the same support that you mentioned, with regard to centers who did a little better on this list. That is support for your criteria. You said earlier that, the centers that are going to be closed which are those that ranked near the bottom, don't like the list, while all of the other centers do like it.

That is not what I find. You have assigned 300 points for operating costs, but center directors understand if you had assigned 200 points for that, and also if instead of 50 points for community support, somebody downtown had decided to assign 75, then, but for the grace of God, the center that is ranked 16th, would be closed.

So, the center directors are not overly thrilled about this criteria. I think they find the results very interesting, as I do. But let's face it, it is a subjective list.

One of the uses of the list is to try to determine which centers you should close. I, frankly, applaud that effort. If you are determined to close centers, it seems to me you ought to try to do it in some type of a rational way. But, it is a subjective list with subjective criteria. You took the best shot you can with it, and I think you did a reasonably good job. But it is very subjective.

Mr. JONES. I appreciate that, Congressman. I think it is important to suggest that a significant part of the data on that list is from the Job Corps centers themselves. It is not subjective, it is their data.

I think, second, across the country you would find the majority of people agree that we should all of us, as we heard this morning, agree that performance and the costs are the two major items, the others are certainly of lesser weight.

We, along with you, already examined that second question. We reweighted, restructured and looked at it 14 different ways to see what would happen before people raised those kinds of issues.

And we would suggest to you, as you do that, there are some changes in the process. But relatively, some of your better centers and some of your worst centers don't change in the process; unfortunately, their problems are across-the-board.

Mr. WILLIAMS. Well, I still hold to my concern that any judgment of this sort is really based on subjectivity. The ranking and the points that were applied, although I don't find then totally unreasonable, I am just saying they are subjective. I think that any system of this type jeopardizes centers. While it might create a little healthy competition, it might also create some interesting difficulties for you within the system.

Could you tell me, in the last couple of program years, if you know, or perhaps in the future in writing, if you don't know now, how much money has been obligated and/or spent on construction and renovation for the six centers scheduled for closure?

Mr. SEMERAD. We would have to submit that, Mr. Chairman.

Mr. WILLIAMS. I would appreciate having that. I will also have some other questions, too, along with Mr. Hawkins, that I would like you to answer in writing.

In 1983, the Congress passed, as you recall, and the President signed a public law that provided almost \$32.5 million as a one-time boost for Job Corps construction money. Then when the next budget was submitted, in 1984, that money, the \$32.5 million, was subtracted. That caught the Congress' attention. Congress began to wonder how important the construction funds were.

And so as we begin in working with you to try to—find a pot of money out there that you might be able to use, our eye immediately fell on the construction funds that you have available. If that \$32.5 million wasn't needed a couple of years ago, how important is the remaining construction dollars that you have? And can't we use just a few million of those to save these centers?

Mr. JONES. Mr. Congressman, we have a system for managing all construction dollars that falls into about three separate categories, starting at the bottom with health and safety, and moving up to the top, obviously, those things you really would like to do, if you could do it. But they are all very carefully controlled, in fact, not even by us, but by architects and engineers in consultation with each of the Job Corps centers that are out there.

The debates over the years have always centered around—we have argued to maintain efficiency in the program, that the construction moneys that we need are usually related to the health and safety factor, and/or some things in the middle group called code violations and other kinds of basic legal or necessary improvements. And that's it. Additional kinds of funds related to that, we have tried to stay away from. That is generally where that debate has been drawn.

As a result, what we currently have going on inside the system is what we think is the minimum appropriate amount of money over the out years, to maintain the health and safety needs of the system, and some of those things in the middle category that are there.

You can, in fact, obviously, as you have indicated, divert some of those funds into out year projections, but when you do that, there are two things that occur, no matter how we approach it, are the fact that those needs still must be met; we still must spend the money to maintain those facilities. So costs go up, number one; and number two, we eat those dollars this year to maintain the slot levels, therefore, next year's appropriation has to be doubled up for both facts, we have got to maintain slot levels, I guess you would want to do; and you still have to come back with the construction money.

So, you are adding a rather substantial burden to your outyear appropriations at the cost of maintenance currently. And what the net effect of that is a very interesting dynamic, one is on the model we have put forward to the committee, a net savings across the country, by taking the inefficient centers out of the process, of about \$500 per unit cost across the country in Job Corps.

By mortgaging construction money and moving it forward, and not implementing those savings, not reducing those costs centers, and increasing the costs by moving it forward, we increase unit costs by about \$500, someplace in that neighborhood.

We are talking, between the two discussions, approximately \$1,000 difference in the unit costs to Job Corps. That relates to a substantial number of slots that will serve kids across this country on the long haul issue. That is a very important conversation for us, and for the subcommittee. It is, in fact, the unit cost of the Job Corps that has been at the heart for the last 3 years of the debate between the administration and Congress, and how we can support the system.

And if we are to do anything to improve our ability to defend and to manage the system, and to provide more slots for that population of kids who need it, it would be to provide that kind of efficiency, and most importantly, not exacerbate it.

Mr. WILLIAMS. If you had to find existing money, and push it forward to save these centers, what kind of money would you take it out of? Would you take it out of construction, or would you go into the R&D money? What would you prefer to do?

Mr. SEMERAD. Mr. Williams, we are back to the rock and the hard place. I guess I would have to go with the construction money, because I still think quality instruction, trying to find greater ways of increasing the number of people who can go through whatever slots we agree to, I think we would have a better chance of that, if we were able to do those pilots and demonstrations.

So, I would like to retain—which isn't an awful lot of money, given the size of the system, but nevertheless, it does give us some flexibility to try some things. So I guess it would have to come out of the construction money.

Mr. WILLIAMS. Do I understand correctly; if it were not for the budget constraints, which are real and which have apparently forced this decision, you would be moving to close some centers, regardless?

Mr. SEMERAD. Mr. Williams, I think that in terms, again, of trying to get a system that is faced with general reality—and trying to increase the yield for the return on the investment of the American taxpayers, the answer would have to be, yes, decisions

would have to be made. We are driven clearly by the Gramm-Rudman-Hollings, the timing, perhaps, would have been different, the phasing, perhaps, different. But nevertheless, the bottom line would be that we would still want to go to more competition, closing some inefficient centers, opening some new kinds of centers that perhaps address the needs of the young people differently, and I would like to think more efficiently.

Mr. WILLIAMS. Well, finally, let me address the matter again of the rock and the hard place. It is clear what the House wants to do, and, although on this side we can't speak for the Senate, of course, we can assume what they might do. We assume that if the language preventing closures is not included in the supplemental as it comes to the floor of the Senate, several Senators have threatened to offer it as an amendment. I assume that it will pass over in the long run. It will go to conference, and it will be in both bills and will stay in.

The President has indicated he might veto the supplemental, which has nothing to do with the Job Corps, but with spending in some area with which he doesn't agree. Then Congress will come back and do it again, put the prohibition to close centers back in and the President will sign it.

In the meantime, things are looking up with regard to your funding. I know they will have to look up a great deal to get you to where you need to be, but they really are looking up.

So, given those two things, that rock and this hard place, what are we going to do? You have to start making some decisions, and you have to start designing your standards, beginning with the closure operations in July.

Mr. SEMERAD. Well, I think we appreciate the intention, we respect the authority of the Congress. And I think what finally comes out, not what might happen in terms of passage, or language, or signing, or vetoing, but what actually happens will drive us, and that this situation we are in right now, we pretty much are obligated to stay with our plan.

Mr. WILLIAMS. Mr. Perkins.

Mr. PERKINS. Thank you.

Gentlemen, you can't imagine how pleased I am to have you here today. I have looked forward with avid anticipation to this meeting for the last 2 days. And I have this subject, I think, rather intensely, so I have some idea of what I am talking about. But Chairman Martinez, before he left, asked me to ask you some questions, but initially, before I begin, I would like to ask you for the record these questions that Chairman Martinez posed.

The first one being what is the Job Corps total for category four construction budget for program year 1986?

Mr. SEMERAD. Mr. Perkins, we don't have the 1986, we have a 5-year total, but we can submit that for the record.

Mr. PERKINS. Thank you, I would appreciate that, and I am sure Chairman Martinez would.

Secondly, how long in relationship to these funds does it take to obligate?

Mr. RELL. Congressman Perkins, that varies substantially depending on the complexity of the project that is involved. For a major project, like the replacement of an entire building, one

would obligate approximately 10 percent of the funds initially for architectural and engineering services, because those are required before one goes to the construction stage.

The remaining 90 percent of the funds would be obligated after the architectural and engineering work had been done.

Now, how long does that take? As I indicated it varies, architects and engineers seem to be very slow people. They can take as long as 9 months to a year to do that first phase.

Mr. PERKINS. All right, gentlemen, how much of the construction budget is still unobligated?

Mr. RELL. The program year that we are talking about here, 1986, has not yet started. I would be in jail if one single dollar had been obligated.

Mr. PERKINS. So, what is the amount total that has not been obligated as of this stage?

Mr. RELL. \$31.2 million available for expenditure on July 1, 1986 through June 30, 1987—excuse me, for obligation.

Mr. PERKINS. As a followup question, are you pursuing at this time any active means of trying to obligate these funds?

Mr. JONES. We can't begin to obligate them, by law, until July 1.

Mr. PERKINS. I understood what he said, I was questioning whether or not you were pursuing, certainly planning, whether you are obligating or not, plays a certain role. Are you intensifying the planning session to try to obligate these funds at the present time?

Mr. JONES. Congressman, that system is driven by constraints that we couldn't control, if we wanted to. Those plans are set for construction and building, and everything, months and years ahead of time. And they all follow that. We never step into the middle of that an accelerate that, you couldn't. What you would have to do is come up with new projects, new plans and do it in 15 minutes, and I think I would be in a different business, if I could do that.

Mr. PERKINS. Continuing, from information provided to Congress and the General Accounting Office, it was determined in the 1985 budget that only \$20 million is needed for the essential life/safety, health and code violations, maintenance, construction aids, do you agree with these figures and assessments?

Mr. RELL. I would have to check the records, Congressman, I don't have that information readily available. We would be glad to submit it for the record.

Mr. PERKINS. What is the absolute essential amount for health, safety, and code maintenance?

Mr. RELL. Over what period of time?

Mr. PERKINS. Over the next year.

Mr. RELL. I don't have the 1986 figures, but we would be glad to submit it for the record.

Mr. PERKINS. Thank you.

Why not take some of the funds from nonassistance categories, such as the problematic area, and use it to preserve these centers and slots?

Mr. JONES. The problematic, I am not sure—how do you mean?

Mr. PERKINS. I am not sure either, but I assume—

Mr. RELL. You are talking in the construction area?

Mr. PERKINS. Yes.

Mr. RELL. That relates back to the answer, and we will have to provide you, for the record, in terms of how much in those categories and what those projects are scheduled for. Some of those may not be classified health and safety, but they may be in legally required areas. But we will be happy to provide that.

Mr. PERKINS. I am going to ask you some basic overall questions about some things that have been on my mind that really aren't specifically related to what we are dealing with here today.

I guess last year, we had a hearing, and I submitted a letter that I shall read to you.

I am writing you, Mr. Secretary, concerning the Frenchburg Job Corps Center located in Menifee County, in the district I represent. The center is operated by the U.S. Forest Service, and I am most disturbed by the low placement rate for the Job Corps Center by the Department of Labor.

In February, the Center requested 40 young people and received 10. In January they requested 40 and received 19. In November 1984, they requested 40 and received eight. This center is perfectly capable of handling all the young people it has requested.

I have personally visited this center myself, and they are doing an excellent job. I am also aware that the Department of Labor has \$68 million in appropriated funds for the Job Corps which has not been expended; \$21 million of that announced to be used for rehabilitation, and approximately \$175,000 of these funds were to be used for Frenchburg, and \$600,000 spent at Frenchburg on the Job Corps center.

However, these plans were changed in September of 1984. I am concerned that the Administration, which is proposing an elimination of the Job Corps center and the Job Corps program in the coming fiscal year is not only utilizing the process of presenting its proposal to Congress, but it is also slowly starving the Job Corps centers that attempt to make the program appear to be ineffective, to skew the figures in terms of the operation of these centers, in an attempt to try to run an efficient program.

Following that letter I don't recall that we had official response given, at least that I was made aware of. What efforts by the Department of Labor, generally, in terms of trying to provide students for the different centers across the country? We had a very efficient system in the past that was changed. What new steps is the Department of Labor taking in this area?

Mr. RELL. Congressman, at the time you wrote that letter, we had a dip in Job Corps enrollment, not just at Frenchburg, but at—

Mr. PERKINS. Oh, across the country, I realize this.

Mr. RELL. And the rationale—I looked into that quite deeply. I was very much concerned about it because what it does is it does a disservice to the young people not to have 100 percent capacity utilization.

Our screening agency came up with a unique proposition that a public announcement of the Job Corps was going to close which made it very difficult for them to recruit young people to go away from their homes and into the centers. And that, indeed, I think was the major reason.

We had taken steps, as we moved along, to improve that system by consulting with all of the centers and with all of the screening agencies, improving our publicity efforts, and our outreach, to try to cover that one-time dip.

I am happy to report to you, Congressman, that we are, on a national basis—I don't know the number for Frenchburg—that we are back up to 98.7 percent, as of last week. And I expect that to

continue, and my plans are to operate it at 100 percent, as we have in the past.

Mr. PERKINS. Section 437-A requires the Secretary to take steps to achieve an enrollment of 50 percent women in the Job Corps. What has been the enrollment rate of women in the Job Corps in the last 4 years?

Mr. RELL. Approximately 37 percent, Congressman.

Mr. PERKINS. Why have these rates decreased under this Administration?

Mr. RELL. I don't know that they have decreased under this administration. I think they have been fairly steady in the 36-, 37-percent range.

Mr. PERKINS. What was the range prior to this administration?

Mr. RELL. I would have to look it up, and submit it for the record, Congressman. I don't believe there has been any change.

Mr. PERKINS. What efforts have been made to try to increase that percentage?

Mr. RELL. I'm sorry?

Mr. PERKINS. What efforts have been made to try to increase that percentage?

Mr. RELL. We have done several things, Congressman. First, this is somewhat of a chicken and egg problem. When I consulted with the Job Corps staff in the system, some of them tell me that the reason that we don't get enough females is because the vocations we offer in the Job Corps centers, such as construction, are not sufficiently attractive to recruit them.

On the other hand, the centers tell me that their vocations are fine, but the recruiters are not doing a good job persuading parents to let young women leave the home, to go into a residential environment.

I have decided to address both aspects. We did a comprehensive vocational review of all of the Job Corps offerings, in order to update it for the labor market in the 1980's and into the 1990's. In that process, we paid some particular attention to the mix of occupations that we had at the various centers, and made an attempt to strike a better balance, to allow us to improve and attract female enrollees.

At the same time, we issued supplementary contracts for purely female enrollment to supplement the efforts of the regular recruitment and screening agencies to try to enroll, through outreach, enroll more females. Both of those efforts have been ongoing. Oh, further, we coeded some remaining all male centers, you know, to have both males and females in them.

I tried to shift the capacity to have more female slots placed in the centers.

In the middle of all that, we had the announcement that the Job Corps Program were going to close and the overall enrollment dipped down, and the percentage of women did not increase as I had expected it would.

Mr. PERKINS. Sir, why are 80 percent of the centers presently below capacity?

Mr. RELL. As I indicated, Congressman, the overall capacity utilization rate is 98.7 percent presently. Now, I don't know if 80 percent of them are exactly—

Mr. PERKINS. This does not agree with the figures that we have.

Mr. RELL. I will be happy to submit those figures for the record on a center-by-center basis, Congressman.

Mr. PERKINS. We will try to pursue that, but the figures that we have show that 80 percent of the centers are now below capacity. And we would appreciate any information that you can give us in that regard.

Mr. RELL. A further answer for you, Congressman, that it is our policy that they be maintained at 100 percent, the recruitment agencies are free to recruit and bring people in to every capacity to reach that level. We have not had at any point an attempt to deplete that effort.

During that time period, interestingly enough, that you pointed out, we also have the lowest enrollment in the Summer Youth Program nationally that we have ever had.

Mr. PERKINS. Well, we are still receiving complaints from the individual centers that indicate they are still not doing the kind of recruitment that is necessary, which is not—at least in my own mind, going along with the 98-percent figure that I heard 1 minute ago. Certainly, in certain areas, individual cases that I am aware of, the 98 percent is not being achieved.

What policy is this dictated by?

Mr. RELL. There is no policy that results in that, Congressman. It is uneven. Presently, I have, I believe, 6 or 7 of our 10 regions in the country that are in excess of 100 percent capacity. I have three regions that are below 100 percent capacity, they are somewhere in the 90's. That is what results in the overall 98.7 percent capacity utilization rates.

One of those regions that is below capacity is region 4, and that is region, Congressman, Kentucky, that you represent. We have had more difficulty there in climbing back up than we have had in other sections of the country.

While we are trying to solve that long-range problem in region 4, we have tried to take some of the kids from waiting lists we have in the neighboring regions, in the Dallas region, and send them to the Kentucky and other centers, with some limited success today.

Mr. PERKINS. I was wondering if you have an excess in capacity in one region and under utilization of capacity in others. It strikes me as a good policy to attempt to even that out in some sort of distribution, isn't that more efficient?

Mr. RELL. That is exactly what we are trying to do, Congressman, that's what I just said.

Mr. PERKINS. Well, I hope you will try to increase that effort in the future, because it is not being done to an extent that we are seeing decipherable results in the fourth region at the present time.

Several other questions that I am rather interested in, again, I am just primarily at this stage trying to get some sort of feel for what is going on here. And I think I am going to start off with your study. Gentlemen, I don't agree with this study, as I am sure you are aware of, but I am trying to figure out particular portions of it.

Let's start with operations costs per slot. Now, overall in your study you give 1,000 points, 300 points are designated for operation

costs per slot, so it is three-tenths of the entire portion. You use different sections of the study different kinds of mathematical approaches; one is the bell curve, one is a cutoff where particular points are assigned. I don't understand why you would use one in one study and one in another, but getting beyond the mathematics of the situation, and referring to what we are talking to here, you were basically cutting off at particular levels, above levels no points were assigned.

So then Frenchburg—I took that center because it is one that is in my district, I do have a personal familiarity with it, and it is on the list that you are referring to, attempting to close. And looked at how the study related specifically there, and attempted to try to see what I thought was some disturbing disparities between what the study showed and what I found.

And in operation costs per slot, out of a maximum of 300 points, Frenchburg received zero points because it was above an arbitrary figure that you gave for operation costs per slot. How did you, first of all, arrive at deciding that you were going to give zero points if it was above a certain figure?

Mr. RELL. We looked at the distribution of costs, Congressman. In each of these factors there is a distribution of costs, and the methodology does not vary from one to the other, the methodology for assigning the points is quite similar. And that is on the intervals from low to high, everybody in between prorated gets their share of costs.

In each of the factors where there are outliers, or groupings at extreme ends, one recognized statistical technique in order to avoid distortions is to cap either at the bottom or at the top, or depending on what the distribution is, those costs.

In the case of Frenchburg, had one not put a cap of \$13,500 on that cost factor, Frenchburg would still have gotten zero points, Congressman. The cost for Frenchburg is \$14,610. That is at the extreme end of the range. It may have conceivably gotten a point, if you didn't put a cap on it, but it wouldn't have made any difference.

Mr. PERKINS. So, you are saying that there is an innate bias in the study—I am just using Frenchburg as an example—and you are trying to statistically eliminate certain aspects of the curve by your study.

So, certainly if you are going to produce a product, and you have an eventual product that will be produced, then you are going to have some sort of value in the production of that product, and some sort of value would have to be assigned.

You are saying that arbitrarily for statistical reasons, so that the curve will not be skewed, you basically threw out both ends of the curve?

Mr. RELL. That is correct, Congressman.

Mr. PERKINS. So, let's refer then to some of the budget—Frenchburg's budget for the program year came to \$1,909,532 according to the Interior Department, without including the VST, or union training. Now, on your study, I multiplied the costs per slot, \$14,610 by the number of slots, 168. And I get \$2,454,480.

Now, first of all, what is the difference in the amount—the budget that was \$1.9 million that we got from the Interior, and the \$2,454,480—approximately \$500,000 difference, why?

Mr. RELL. I can explain that, Congressman. The budget number that you are talking about is the local center level operational costs. That's what happens to be paid out cashwise at the center level.

In addition to that, we have costs that are paid out from the national level for such things as the union instructors at Frenchburg, those union instructors are paid through a national contract, Congressman, and the cost of the Frenchburg instructors, which is contained in a national contract, is assigned to Frenchburg, as it is for every other center, mind you, not just for Frenchburg.

In addition to that, the vocational skills training materials, as you mentioned, were not included in that local center level cost. Further, there are GSA vehicle costs, which were budgeted nationally and were not distributed to each center because we make such payments, rather than on a local basis on interagency transport.

So, the numbers, I believe, are correct. Undoubtedly, there are literally thousands of numbers in the system, Congressman. Undoubtedly, there is a mistake somewhere.

What these numbers are, these center budget numbers that we negotiate with the Department of the Interior, and the proper allocation of the national contract costs.

Mr. PERKINS. Now, gentlemen, from an economist's point of view, you are trying to, basically, look at and see what the overall benefits are versus the overall liabilities that are accrued through the operation of these centers, is that correct?

Mr. JONES. I wouldn't call it from an economist's point of view. I would call it from a straight management point of view, yes.

Mr. PERKINS. So, in other words, if a Job Corps center is providing some sort of service, that is taken into consideration. And was it taken into consideration in this particular study?

Mr. JONES. Yes; it was specifically quantified and points provided in the case of Frenchburg, and all of the other centers for—

Mr. PERKINS. Well, from an economist's point of view, isn't it true that benefits that are provided would give some sort of indication, not in a smaller total category, but in this 300-point category. It is better to have a center that is operating with doing a lot of other community service-type projects and the cost to the community, the benefit to the community should be factored into the study, is that not correct?

Mr. JONES. It is correct, and it is factored in. Whether you factor it in a separate category, or merge it into that same category, it is going to be relative across the system, because every center has that contribution.

Mr. PERKINS. OK, let's factor it in right here, let's factor in the cost versus what a community gains right here. Have you done that in your study?

Mr. JONES. No, sir; we wouldn't. This is the operation of the Job Corps center, the specific cost that we need to compare across the system, so we know—

Mr. PERKINS. So, you are not then taking any cost account in what it costs, or does not cost the Government to operate these centers under cost per slot?

Mr. JONES. Congressman, the costs we are talking about are the cost to operate the center. The cost you are talking about are net community gains that have nothing to do with the operation of the center.

Mr. PERKINS. I understand perfectly what you are talking about. But I am saying that this study is incorrect because it did not take into account \$651,080 from July 1, 1984, until June 30, 1985, of outside work that I have documented and put down here, that it would have cost the Government, otherwise—another section of the government.

And I am also saying that if we take your number, \$2,454,480 and if I subtract the amount that has been calculated to be the total value of the work that has been accomplished by Frenchburg, that was not counted in your study, in the value of the slots I find \$2,454,480 minus \$651,080 equals \$1,803,480.

And if I divide that by the 168 slots for Frenchburg, then I find that the new cost per slot is \$10,743.52. And if we look at how many points that gives us on the system, we have—what is it on the top, 21 of the entire system. And that, gentlemen, I submit to you—I majored in economics in college, and I fully well understand that we are talking about economic costs here.

And that is, I submit to you, the real cost per slot.

Where am I incorrect?

Mr. JONES. Well, number one, I think the other 106 centers would appreciate the same advantage, if you are going to calculate that way.

Mr. PERKINS. I agree with you, and that is precisely the point—

Mr. JONES. Let me explain to you, before you jump too quickly, when you do, Frenchburg will come back out on the bottom again. You want to be real careful about that, because the numbers will—we have been a little careful before we came up here, to make sure that we relatively looked across to see what was causing some of these problems.

Mr. PERKINS. It was not included in your study, was it?

Mr. JONES. Yes, sir, we have included, in fact, \$4,178 per slot for Frenchburg. Across the system the net costs of things that they included outside that system.

All you are suggesting is a different way of mixing those apples and oranges, to try to account for a lower unit cost.

I appreciate what you are doing very much, but if you do it across the system, the other centers will gain the same benefit.

Mr. PERKINS. This is the point, I am not talking necessarily about Frenchburg, I am talking about the entire study. I am saying that the entire study here, in terms of cost per slot is invalid.

Mr. JONES. Congressman, I will repeat to you, we have accounted for those costs in the system. You are suggesting simply that we move it from one category to another, and therefore, change the point reaction. I would agree with you that it would do that, but it will do it relatively for every center.

Mr. PERKINS. When you talk about cost per slot, you talk about how much does it cost to operate, or how much does it cost—what economic value does that give.

Mr. JONES. No, sir—

Mr. PERKINS. Precisely, you don't do that, but it costs and what it will eventually cost not to have that, factor that in, and you are talking about this figure.

I would submit to you that in a direct cost relationship that we have here, that you have a situation that—I would submit to you that you are not accurately portraying the costs that we are involved with in a true economic sense.

In fact, what you are doing—you know, anytime you put something higher, in terms of what it costs, it always sounds worse. And one thing I have heard over and over again, that it is inefficient, that the cost per slot is higher and higher. But somehow these other economic factors are never factored in.

Mr. JONES. They are.

Mr. PERKINS. Not in this area, not in terms of the economic cost per slot. Why?

Mr. RELL. It is factored in, Congressman, it is labeled separately as vocational skills training contribution, the precise figures you cite were used to make these calculations.

Mr. PERKINS. It is factored into another area?

Mr. RELL. Yes.

Mr. PERKINS. But you would admit to me that the higher the particular individual area is on cost per slot, the more that it appears that we are talking about a program that is costing the Government more money?

Mr. JONES. Per student, it is, yes, sir.

Mr. PERKINS. You say it is factored in, OK, I will take it out somewhere else, and I will factor it in, again—so, let's take it out somewhere else.

Mr. RELL. It isn't going to make any difference, whether you do it separately, or together.

Mr. PERKINS. OK, let's do it together. And if we do that together, then we, in fact, have a lower cost per slot. I would suggest that if the Labor Department is going to go through this study, they try to come up with a study that accurately reflects the true economic impact in costs in the cost per slot that they are assigning.

In this particular case, this is invalid, certainly on the surface, and it is misleading in terms of what the cost per slot is. That is the problem that I find, a very basic one, but a legitimate one.

I want to continue this. I hope that I can just be gone a very brief period of time, but this is a quorum call, followed by five bells which probably means that we are going to have a vote following that. And if you gentlemen would like to go get a sandwich, or something else, it is going to take me a few minutes. And we could meet back here, perhaps, at 1:30, if that would be agreeable. I would like to continue this discussion.

Mr. SEMERAD. Well, Mr. Perkins, I am going to have to excuse myself, I have other obligations. I have been here considerably longer than I was requested to be by the Chairman. And I really have to get on with it.

As I mentioned, we would be pleased to respond to any questions that you have in writing, as we have—

Mr. PERKINS. Gentlemen, I am requesting a public hearing on this, and I had you here specifically for this reason. I called the meeting and asked specifically to talk to you today, gentlemen.

And I would very much prefer that you do not leave, if that is at all possible. And if you would desire, I will be back as quickly as possible, following the vote. And if you can hang around, I would greatly appreciate it, because I have a lot of things on my mind today, gentlemen, and I want to ask you about them.

So, if you want to take a break now, OK, fine, I will be back as rapidly as I can.

[Recess.]

Mr. PERKINS. Trying to be understanding that other people do have schedules, and I am not trying to be a pain, though I know I am, I will go to the budgetary questions, which I really intended to ask later. And I will let Mr. Semerad, of course, leave, and then I will go back to specific questions that I am interested in.

Question, why this year, when you have apparently more than enough money to take care of any budgetary transfers that you make in the short run, do you decide to go ahead and close a program, or close the centers down, when—I think Chairman Hawkins will be joining me here in a few minutes—do you go ahead and close a program down for a 4-month period of time, when you are talking about \$4.5 million, is it, to close down the plants, the physical plants? And you are talking about how much do you now contend, is it \$20 million, that it would cost to keep these open, operating for a year? Or is it \$8.5, or \$17—I have seen all three figures, I don't know.

Mr. RELL. \$20.3 million operating costs for the six centers designated for closing.

Mr. PERKINS. So, you are referring to really about \$4.3 goes, let's say five times into a year, so you are talking about, what, about 1½ months of money that would have to come from another area, keeping the six centers open; if, in fact, you have the budgetary type of money that kicks in October 1?

Mr. JONES. Congressman, the October 1 money that you are talking about, when you passed the 1987 appropriation this year, that doesn't kick in for a year. It is that forward funding thing again. Our 1986 is next year. Your appropriation if, in fact, it is as high as you indicate, won't come in until July 1 of next year, it is not 4 months.

Mr. PERKINS. I understand.

Mr. RELL. It is a 9-month's time lag, Congressman, between the fiscal year period and the program operating period, the 1987 appropriation to which you refer, which should be passed by October 1, hopefully, will not be available for expenditure—that is October 1, 1986, will not be available for expenditure until July 1, 1987.

Mr. PERKINS. I want to hear about the July program year though.

Mr. RELL. That's it, that's the July program year. Let me repeat, the 1987 appropriation which you should pass by October 1, 1986, will not be available for expenditure until the 1987 program year,

which under the Job Training Partnership Act, is July 1, 1987 to June 30, 1988.

Mr. PERKINS. Is there any administrative reason that the money cannot presently be transferred? Is there any type of obligatory provision that would have to be passed?

Mr. SEMERAD. To transfer the construction money into program costs?

Mr. PERKINS. Any money, it can be done administratively, is that right?

Mr. SEMERAD. It can be done, is my understanding.

Mr. JONES. Construction can, we could not move the 1987 appropriation back into this year, we cannot do that.

Mr. PERKINS. OK, I understand that.

Mr. JONES. That would require supplemental action.

Mr. PERKINS. OK, fine. Now, in terms of the overall situation, you are talking about trimming 2,500 per year slots—

Mr. RELL. No, sir, 1,223.

Mr. PERKINS. It comes up to 2,500 over the course of a year, is my understanding.

Mr. RELL. No, sir, 1,223.

Mr. PERKINS. Talking about the people that it actually serves, 2,500 people over the course of a year, is that correct?

Mr. RELL. No, sir, that is not correct.

Mr. PERKINS. Where am I incorrect?

Mr. RELL. There are approximately 1.7 people for every slot that we have. Our annual slot level is 40,544 slots. We have new enrollments of just slightly over 60,000.

So, I would have to calculate it precisely, and would be happy to submit it to the record, but my estimate is that those 1,223 slots would translate to something on the order of 1,900 individuals.

Mr. PERKINS. So, 1.7 times 12.

Mr. JONES. 1,900 or something along those lines.

Mr. PERKINS. The budgetary—why then, when the money is available in other places, are you desiring to close the actual number of people that are served? That is the basic line.

Before we get into the efficiency thing, why are you desiring to cutback on the services that are being provided?

Mr. SEMERAD. Well, I think, Mr. Perkins, that we are trying to cutback on services, only in the sense that those centers which don't provide services very well, and we have to deal with all of the items on the ranking that we have discussed this morning, but we also have retention rates, placement rates, completion rates, and vocational programs, and everything else that have to be factored in.

We know that there is short-term pain involved in this. We still think that there is long-term gain of providing centers, either moving slots—with the money that we spend on these six centers, if we had that money, if that was the choice, we could have 1,700 slots rather than the 1,200 slots in these centers.

So, I think that what we have is—we do have a problem of apples and oranges, we've two converging necessities, one to do a better job, provide greater efficiencies, which translates into greater slots with a quality program throughout the system, against the budget constraints that are right before us.

And as you undoubtedly know from my previous testimony, on at least four other occasions before Congress, we have made a pledge at the Department of Labor, regardless of the amount that is appropriated, we are going to try to do better, because the issue here for us is how do we provide more slots.

And if you have inefficient centers, that cost too much to run, and don't work very well relatively, then we are in a bind, in terms of that is money that we can't spend for slots for other young people.

And you are absolutely right, we have an enormous supply of young people at risk in this society.

Mr. PERKINS. Why are you trimming back on the number of slots, when there are other alternatives available, I suppose is the ultimate question that I cannot understand. When more money is going to be appropriated, you can borrow over the period of time from other sources, other funding, to take care of that period of time, the interim period of time, why are you cutting back on the services to those, as you say, the vast number of people that need to be served, when there is no need to do so?

Mr. JONES. I would disagree with that, Congressman, that there is no need to do so. You can't just borrow. What you would have to do—

Mr. PERKINS. But the funding is coming, the funding is going to be down the line. You will get the funding, 676 in the Senate bill, you know, 694 over here, somewhere in between. You know that it is going to come, and you know there is going to be in between. What is the problem?

Mr. SEMERAD. A former business partner of mine from Kentucky taught me a long time ago, "In God we trust, and everything else we want in writing."

And I think that this is one of those situations that there are a lot of things that happen between the House putting in this amount and the Senate putting in this amount. We are appreciative of the interest, and indeed, I think we support the need for Job Corps. But we also feel very strongly that we can do more with whatever the dollars are, and what current levels are, or anything else.

And that means we can't continue to perpetuate a situation where we have no strength, no power to manage, if you will, better. And on the other hand, we don't have the resources to make the changes that we think are necessary.

And I think both of those things leave us in a situation that we are not serving either the taxpayer, or the kid very well.

Mr. PERKINS. Do you have a long-term plan to eliminate centers through one method, or another, bit by bit, year by year, so you eventually go to some sort of few centers in a few areas, there is no calculated—

Mr. SEMERAD. No, sir, there is no calculated effort to plan, or anticipation that such would happen through this. We do want efficiency. We have been driven by Gramm-Rudman-Hollings, in limitations and what discretionary budget authority that I have to come up with those numbers.

And we didn't pass Gramm-Rudman. So, I think that we are doing the best we can, we think that we are on the right track.

And, yes, it does provide hard and difficult choices. And I think that nobody should anticipate that anything bad is going to happen.

Also, we are not damning the programs that fall down at the bottom of the queue, and you can argue about the queue, but nevertheless, it is a relative evaluation. Lots of good things have happened in these centers, no question about it. But everything is relevant. And I think that we can't penalize some of the other schemes, we can't penalize the good operators—and Kentucky is a good example, there are more centers there than anyplace else. Those centers that are operating successfully, and those directors are to be commended serving the young people.

I just think that we have to—there has to be some motion, and we anticipated that it would be difficult all the way around, once you try to impose some kind of relative classifications that allow us to take the steps to go with the more productive centers. And you can borrow, you can, on a wish do things, but I have got to live within the realities and the instructions that I have. And I am doing the best I can.

And I appreciate the Congressman's concern, and as previously agreed, I have got to go make a speech. I am an hour and a half late already.

Mr. PERKINS. I appreciate that, I understand that. Though we may, perhaps have you back on another occasion.

Mr. SEMERAD. I anticipate that.

Mr. PERKINS. I suspect you will.

Referring though to some of the other problems that I am still having, and I have not gotten this out of my mind. I do not understand why, when the bottom line is that there are funds available—you talk about increasing slots, but the bottom line is you are not increasing slots, you are subtracting slots, you are subtracting people, people are not being served, when there is another alternative.

That is what I do not understand. You would have to say there is another alternative. You know, in any management decisions that I have been involved in, in business, I look at long-term forecasts. And included in long-term forecasts, I look at how much money do I anticipate that I will have in the future.

Now, granted all anticipations do not come true in the future, and it is good to have it in writing, and it is good to have an appropriations bill in hand. But even so, isn't it true that it apparently, on the forecast right now, looks like it is pretty good out there, it looks like there is going to be some money coming this way, it looks like there is going to be an ability to take care of the funding that we need to operate 106 centers in the future.

Why, pray tell, then do you not try to go and maximize the existing physical plants that you have now, and maximize the results in the management end of the thing, as opposed to trying to cutback on the number of slots, which is going to cost the program \$4.5 million, just to close the six particular operational sites? Why, when there is another alternative don't we keep the things open?

Mr. JONES. Congressman, I agree with your concern, and I would also agree with your words that the slots would be the primary issue. In making this set of decisions, as you noticed, we tried to

limit the loss of slots, as opposed to the reduction in dollars and reduction in centers.

Second, we would not look at next year's appropriation, no matter how much it is, as one that is constructed to simply maintain 106 centers. I think you, and I, and everybody else would look at it in terms of slot levels, and what it will purchase, and what it will buy. We would agree, if it is in 640, 650, or whatever it happens to be, that will maintain the 40,000; or maybe even better, slot levels.

Mr. PERKINS. Let's get this slot-level thing, because we have talked slot level, and I think you have in the back of your mind that you want to consolidate, do away with a lot more centers than we are talking about now. And try to get to some sort of situation where you have fewer centers, and try to get so-called economy of scale that you would like, but you think you can run more efficient operations.

Isn't that what you are going to? Isn't that really what the ultimate plan of this thing is?

Mr. JONES. No, Mr. Chairman, all we are doing is suggesting that in the process of taking this amount of money out of the system, that is required by the law, by doing it with the lowest centers, and the highest cost centers, it, in fact, provides a long-term savings, which will create more slots.

Now, we are not going to go down to some four or five centers, or some massive centers. In fact, we would argue against that. Some of the larger centers are much more difficult to run, and have difficulties of their own. We are not interested in restructuring the whole system.

We are simply interested in removing those high cost issues.

I would like to finish answering your other question, because I think it is important to you. If we borrow, as you say, the only place you have to take it from, as the Assistant Secretary indicated, is construction money. That is within our power to do, there is no question about that, that is an option.

Mr. PERKINS. How about the R&D money?

Mr. JONES. Well, there is no such thing as R&D money. There is the money scheduled for pilots in the system.

Mr. PERKINS. It is \$12.3 million.

Mr. JONES. We could do that, the net effect though of that is to further hurt yourself down the road, in terms of the whole operation of the system. The Assistant Secretary said that, and would recommend if you had to do it—

Mr. PERKINS [continuing]. By knocking out 1,200 slots.

Mr. JONES. Well, I suggest—we have been at this debate now for 3 years, and it has all focused around the unit cost in this system, and if we don't begin to deal with that, we are going to be at it next year, and the year after that, in spite of the fact that you continue to increase appropriations to try to cover it.

All that argument says is that at no point should be an attempt to reduce the cost per unit that we are running through the system. And I think that is wrong, I think it is a long-term mistake.

If we borrow construction money now, we are going to increase the unit cost next year, and we are going to reduce the number of kids by that action next year, that we could serve.

Secondly, by not removing the high cost centers, further we reduce the number of kids across the system. We save them in one center in Kentucky, but we wouldn't do it across the system.

Let me suggest to you, Congressman, that even in that center in Kentucky, if we could bring the cost of that one center, even somewhere close to the average around the system, there would be 90 more kids served in that one center.

Mr. PERKINS. What is the number of slots that you have across the country now?

Mr. RELL. 40,544.

Mr. PERKINS. How long has it been at that?

Mr. RELL. I would have to look it up precisely, but it is approximately—

Mr. PERKINS [continuing]. Jimmy Carter in 1977.

Mr. RELL. Well, that's when the target was, but I don't think we reached it until around 1980-something.

Mr. JONES. About 5 or 6 years.

Mr. PERKINS. Now, are you—we aren't hearing programs or ideas from you suggesting that we should have new slots. That's not what I am hearing. You are telling me, well, we want to make it more efficient, so we can have new slots. But that's not what I am hearing.

I am hearing that you are cutting back on slots, as opposed to increasing slots. So, all of this talk about economy of scale doesn't mean a whole lot, when the reality is that you are not trying to increase slots, the reality is that you are trying to decrease the number of slots and the number of people that are served.

You are arguing to me that because of management, and because of efficiency, you want to be able to run this as efficiently as possible. That's fine. I don't have any problem with trying to run an efficient program.

In fact, I will work with you in anyway possible, to try to develop the most efficient program that we can. But when you start talking about cutting back the number of slots, and you start talking about eliminating existing physical plants that are in place, that have excellent structure, that are apparently capable of producing the type of Job Corps individual that we are all looking and searching for, I question whether that is efficient management, because the only alternative is to, again, go to a fewer number of centers I suppose you are going to say, and increased costs.

I mean, gosh, what are we going to do with the physical plants we've got?

Now, five of the six centers are Federal centers. The physical plants are owned, or leased, or in some respect they are there. Now, a lot of the others are the same way, but we have got a situation in hand now where these things are there, they are producing.

In Frenchburg, for example, you talked to me about the rate. We've gone from in 1984 from a 60-percent placement rate, to the last figure we got in 1985, to 78-percent placement rate, because we had a change of directors, we have seen a new shift in the ability of

the plant. We have seen an increase in the so-called efficiency of the plant.

Now, I am not sure for what period of time—what period of time does this study specifically relate to?

Mr. RELL. I would be happy to answer that, Congressman. We used calendar year 1985, which is the most recent set of data that we have. And you are quite right, Frenchburg is a good illustration, there has been some improvement in performance there.

If I may, I would be happy to give you the specific numbers for the placement rates for Frenchburg. We have two factors in our performance criteria in placement rates, Congressman, one is the placement rate of 180-day trainees, those individuals who have been there a substantial period of time, in terms of getting their instruction. The Frenchburg record on that in calendar year 1985, was 79.6 percent. The average for all of the centers, was 84.7 percent.

And the best quarter, the top quartile of the centers where one would look toward improvements is 94.3 percent.

Mr. PERKINS. The point is improvement, the point is that you have seen since the management change improvement occur.

Question, isn't that indicative of the fact that with the physical existing plant, with the proper management, with the type of things that can be done at this plant, that we have, in your own estimation, a potentially viable operation, that would be cost-efficient? Isn't it a question of management?

If it is not management, where else is the problem?

Mr. RELL. The cost efficiency aspect, Congressman, is severely limited. The opportunities for achieving cost efficiency in Frenchburg are severely limited.

Mr. PERKINS. Pray tell, why is that?

Mr. RELL. Because we have, together with the Department of Agriculture and the Department of the Interior, have taken substantial actions to reduce the cost of the civilian conservation centers. Those centers are no longer overstaffed, Congressman. We have taken the excess of staff out of there.

We have analyzed the differences in cost and we recognize that the construction occupations cost more to teach, as was indicated earlier. Nevertheless, there remains a difference of approximately \$1500 per slot, which suggests \$10 million a year, which is due to uncontrollable factors called Federal salary schedules.

We will not have—

Mr. PERKINS. Now you are getting into something different—you are talking about something else.

Mr. RELL. No, sir, we are talking about efficiency.

Mr. PERKINS. You are talking about when the Federal Government runs a system, through the federally run centers, or whether they are contracted out, that's where you are going right now.

I was asking specifically about where you have a physical plant, where you have an operating type of situation and environment that apparently is owned by the Government, it is not costing us anything, per se, if you add one more dorm, let's say, you can add another 90 students, or something along that line which would be a relatively minor cost that would make it efficient, if you want to use a higher economy of scale.

But the point is it strikes me that this entire argument constantly that I hear is that it is a prejudice against Federal centers, as opposed to Federal centers versus the private contracted out. Those are the ones you are going after, the Federal centers, isn't that right?

Mr. RELL. No, sir, I would like to correct—

Mr. PERKINS. Well, you are telling me that they have a higher cost.

Mr. RELL. Yes, they did.

Mr. JONES. They are the ones that appear on the list, Congressman, we are not going after them. Some of those centers, in fact, are some of the better operated centers around the system. We don't disagree with that, that's not our issue.

The issue is they cost more. That cost is very explicit, very clear. Those are facts. If we are going to deal with that issue, let's deal with it, but let's not say we are prejudice, or against them, or something else, because we could care less about that.

Mr. RELL. Congressman, I am the national director of the Job Corps. I am a zealot on the subject of Job Corps. I have been to 38 centers, including conservation centers, and one of the better centers I visited was a civilian conservation center.

However, Congressman, my approach to operating the Job Corps Program is less a concern about particular locations, structures, facilities or staff, than it is about the kids. And these centers that we are talking about here are, indeed, high costs.

If I were able to reduce the cost of those centers, or to train kids elsewhere at lower costs, I could train more kids. Congressman, that has to be my overriding concern.

Mr. PERKINS. More kids have not been trained. But let me ask a couple of other questions—let me get back to this study here.

Now, in terms of location, what is the importance of location being included in this study?

Mr. JONES. The question has been raised by several committees of the Congress, and other people over the course of the years that we have been in the Job Corps system. We have several places in the country where you have on either a State or regional basis, high density of youth population, or disadvantages youth population and low density of Job Corps facilities. And other parts of the country that are just the opposite, a lower density of youth population and a high concentration of Job Corps centers.

So, a smaller, minority point, as you suggest—

Mr. PERKINS. One-tenth, 100 points.

Mr. RELL. Precisely.

Mr. JONES. We included simply a factor that, in a very general way, relates those two things—how many slots or centers, or whatever compared to the youth population in the quadrants of the country. And we gave some points, or lesser or no points in terms of that relationship. And I think that is a fair thing, and that is only used for one reason, if you are going to close, otherwise it isn't of any particular use, but if you are going to close centers, there ought to be some consideration in that factor, that's all.

Mr. PERKINS. Well, I still don't understand the point of including it in the study. And in terms of—if you take somebody out of their

area, anyway, and you put them in another area, then it doesn't strike me that that's a terribly relevant point.

Mr. JONES. That's true, but the history of the Job Corps over the last few years has suggested a rather substantial shift in the original policy where everyone was literally transported across the country into centers. Today, the majority of our people are at least State-specific, and what that does is substantially reduces AWOL rates and quit rates of kids leaving, because—

Mr. PERKINS. There has been some.

Mr. JONES. No question, but now you are about 75 percent, or so, in the State-specific areas.

Obviously, as you well would appreciate, there are other people in Congress who have high densities of youth populations and low, or no Job Corps centers, who would also like to have some in-State capability to do that. We have not opted to just on any arbitrary basis along those lines, shut down and start up.

But we simply say if you are going to close, and when you close, that ought to be one of the things you look at, not a dominant thing ever.

Mr. PERKINS. Well, in this study it is 100 points. Again, relating to Frenchburg, you gave, as I recall, 15 points for region, no points for the State, and no points for the locality. And your basis for doing so was that we have a number of centers in Kentucky, and that those centers, basically, are not to serve the population.

But, again, I understood that it was based on poverty in the area, youth poverty in the area. And it is beyond belief to me—let me give you an idea of the poverty rates in the locality that we are dealing with in Frenchburg.

In Menifee County, where it is located—we got this from 1980 Census.

Mr. RELL. That's where our numbers come from, too.

Mr. PERKINS. Menifee was 28.9 poverty rate, this is the surrounding counties that touch, actually touch the county. Powell was 25.6, Wolfe was 34.9; Morgan was 36.7; Rowan was a good one, 21.8, Bath 28.3. Kentucky, as a whole, ranked 44th out of 50 States in terms of youth poverty. So, we got no points for the State, we got no points for the location. I found that extremely strange.

Mr. RELL. I would be happy to explain it to you, Congressman.

Mr. PERKINS. Please do.

Mr. RELL. The numbers you cite are the same source of data that we used. What we did is we compared the distribution, the absolute numbers in the 1980 census of the poverty youth population across the country, and compared that to the distribution of the Job Corps capacity. While Kentucky has a relatively high concentration of the poverty youth population, it has a far greater concentration of the Job Corps capacity. And that is the comparison that we made.

There are States in this country that also have a poverty youth population, and have absolutely no Job Corps capacity. Kentucky happens to have a very large share of the national Job Corps capacity.

Mr. PERKINS. That's correct. We do have a large share, but what you are arguing is not that you are arguing that we have too much, and therefore, we should be penalized in terms of that.

Mr. JONES. No, we are simply arguing that the—

Mr. PERKINS. The test is flawed, that's the ultimate thing that strikes me. I mean, how can you give no points at all to an area that has—do you know what the unemployment rate is there, it has led the State the last 3 years in unemployment, and that county gets no points on your study.

Mr. JONES. Congressman, if you should—if that is your point, we will be happy to give points, and we will change the scoring system, so they get points. You can't escape the fact that there relative fact is true, there are less poor disadvantaged youth per available Job Corps center in Kentucky, than there are in other parts of the country.

Whether we change the scoring system, won't change that fact. There are more Job Corps centers. Can we agree with that, in Kentucky?

Mr. PERKINS. No question. But the point is this, that you are not in that area giving any points, either on State, either on locality, but if you look around and you look at other Job Corps centers in the State, I believe, that they received points for State and for locality, depending upon the Job Corps center.

So, it was a rather arbitrary decision of where these points went.

Mr. RELL. No, Congressman, it wasn't arbitrary at all. When we have more than one center in a State, as we do in Kentucky, since the subject is closing, since the subject is closing, we calculated the State points in order in which the centers would be closed. Do you understand what I am driving at?

Mr. PERKINS. Explain it again.

Mr. RELL. OK. In Kentucky we have more than one center, we have six centers, I believe, in Kentucky. Each center—the best center in Kentucky and all of the other criteria, got first shot at the State points. The second best center got second best shot, the third center got the third best shot, et cetera, et cetera, on a decreasing basis.

Because as you close centers, Kentucky's share of the population—of the Job Corps population drops, and that inbalance starts getting less, less, and less. Now, it so happens, Congressman, that Frenchburg is the lowest rated center in Kentucky.

Mr. PERKINS. So, you took your own study, before you factored this in, the rest of it; you decided that this center is the most efficient, so it gets the most points, which adds to its efficiency, in the total number of points, and adds to its standing in the way that it shows up on this page of the study, isn't that right?

Mr. RELL. Congressman, that's right. On the basis of geography—

Mr. PERKINS. Isn't that crazy?

Mr. RELL. No, sir.

Mr. PERKINS. I mean, you are using part of the study to increase another part of the study.

Mr. JONES. Would you want me to close the best center in Kentucky, Congressman? If that were the tie breaker, do you want me to close the best—

Mr. PERKINS. I don't want you to close any center.

Mr. JONES. We understand that.

Mr. PERKINS. This is the point, the study itself appears to be flawed. You are using part of the study to skew another part of the study.

Mr. RELL. Quite logically, Congressman, quite logically, on the location factor itself, would you have us calculate the location factor and give points to the worst center in Kentucky, or the best center? Which one, on that one location factor, which one should we consider for closing first, the best one, or the worst one?

Mr. PERKINS. Well, I would prefer that you do it actually on the population density of the area, the youth population, is what we are referring to.

Mr. JONES. So would several other Congressmen who don't have any Job Corps centers, and that's part of the issue.

Mr. PERKINS. But apparently, that is not going to be done in this case. Now, how arbitrarily did you arrive at community relations 50 points, and how was that judged, and how did you, again, arrive at 50 points for vocational skills training, contribution to local communities?

Mr. RELL. If you will bear with me, these things—some of them get rather technical.

Mr. PERKINS. I will try to understand this.

Mr. RELL. The community relations one is a bit simple, as you know, Congressman, we conduct annual comprehensive on-site reviews of each of the Job Corps centers, and we also conduct monitoring visits. I ask each of our regional offices to rank all of their centers, based on the information—

Mr. PERKINS. Regional office where?

Mr. RELL. In Atlanta.

Mr. PERKINS. In Atlanta?

Mr. RELL. Yes, sir.

Mr. PERKINS. OK, you ask your regional office to do it.

Mr. RELL. For Kentucky it would be Atlanta, that is the regional office. I ask all of our 10 regional offices to rate their Job Corps centers on a factor of community relations, based on those on-site reviews and monitoring visits.

Mr. PERKINS. Who is actually on-site and who is actually monitoring?

Mr. RELL. The Department of Labor regional office staff in each of the regional offices are the ones that conduct the annual comprehensive reviews and the monitoring visits.

Mr. PERKINS. So, how often are these done?

Mr. RELL. The annual reviews are annual, the comprehensive review is once a year.

Mr. PERKINS. So, they go into the county once a year, strangers from another State, and they decide on community relations? How good the community relations are.

Mr. RELL. That is part of the comprehensive annual review, is to not only assess community relations, but also the basic education program—these same strangers assess the vocational education program, the residential living program, community relations, every facet of the Job Corps Program, Congressman, that's their job.

Mr. PERKINS. OK. Would you believe me if I told you that I have been in Menifee County probably a great deal more times than the

individual from Atlanta would be, and I would probably know the community better, and I probably could even tell you more about—almost universally how well this particular center is accepted.

And, again—my point is this, it is an extremely subjective section, this section is extremely subjective.

Mr. JONES. This section, more than any of the others, we would agree with you. I would agree with your assessment and your knowledge of it. I would not agree that you have that same knowledge of the other centers and how well they are doing.

And all our people did is generally compare which ones, and to try to assess the points. And there is no question, maybe it is 40, maybe it is 25—we wouldn't know, but it does have a general contribution to the discussion.

Mr. PERKINS. All right. Now, then in terms of vocational skills training, how was that arrived at?

Mr. RELL. That gets rather complex, technically. I will try to be brief. The vocational skills training contribution at each of the centers is almost exclusively, Congressman, a function of the construction trades that are there. Those are the vocational offerings through hands-on training that build the firehouses and the trails, and the roads, and things of that nature.

The Departments of Agriculture and Interior make regular attempts to assess the value of what the byproducts of that training are, and that is what they are, they are byproducts of the training conducted for those young people.

We took those records and the very same numbers, I think, earlier in this hearing that you mentioned. We took the numbers supplied by the Departments of Agriculture and Interior for each of the centers. They were for a specific period of time. We took the average of those, rather than the center's specific figures, because they vary substantially, Congressman, from year to year, depending on what cycle each of the training projects is in.

It would have been unfair to just take a single year's period, because a lot of these are long-term projects, they may not be finished, you know, they may cross over into the next year.

Mr. PERKINS. So, you assign it based upon—like bookkeeping, you basically look and see how much—or taxes, how much depreciation you have in the year, you give how much credit for a project, even if it is long-term?

Mr. RELL. Precisely, that is correct. And we took those assessed valuations, and per VST slot, per vocational skills training slot, and then gave each of the centers credit for that average, you know, contribution for the vocational skills training slots.

Now, the reason there are different numbers of points per centers is because some centers have more construction trades than others, and as a result, generally, generate more of those facilities' contributions. You see some centers on this list, on this ranking list, Congressman, that have zero points for that factor. What that means is that they have training such as clerical training, electronics assembly, things of that nature, which make no such contribution. So, therefore, they don't get a whole lot of points.

Those centers that have more points here than others are those that do a lot of that construction training, generate a lot of that contribution, and we gave credit for that year. It is 50 points worth,

Congressman. The reason for the 50 points designation is simply that, as you pointed out earlier, that is a legitimate offset to some degree, to the cost factor.

Now, since this is a byproduct of vocational training, all of this construction training, we looked at what percentage of our cost was in vocational training. And it is approximately one-sixth. And so, therefore, we assign 50 points to the vocational skills training factor.

We did not—you may not believe this—but we did not construct this ranking system arbitrarily, capriciously, or anything else. We tried to do the best professional job we could, and that is how we came to do that.

Mr. PERKINS. Gentlemen, included in this ranking system was the—well, it was things like firefighting, is that factored in here? You said it was primarily things like construction?

Mr. RELL. It was the assess valuation of the byproducts of the training. Such things as firefighting were not included, Congressman.

Mr. PERKINS. They were not included?

Mr. RELL. No, sir.

Mr. PERKINS. So then if, let's say as an example, Frenchburg, if they spent according to the Department—total value of work accomplishment fire, and a variety of things, I guess we have here a goodly number of dollars when it is broken down, fire, general purpose construction, \$34,000—

Mr. RELL. We included the construction.

Mr. JONES. The only things not included, Congressman, are those things that are completely extraneous to any of the activities on the center. And if you wish us to include that, then we could probably do that, but we, again, have to go across the centers and do it for everybody in the country.

Mr. PERKINS. That's fine. And, again, it strikes me as opposed to factoring it into a separate area, it should be factored in to the actual cost, because it is a cost benefit thing that you are dealing with here, not just a cost that we are dealing for.

Mr. JONES. It clearly is a cost benefit.

Mr. PERKINS. And I think it is somewhat misleading to have the other things skewed at 300 points. This is at 50, and it is not factored in. You are talking apples and oranges.

Mr. RELL. Precisely.

Mr. PERKINS. And yet this is not factored into what a real true estimate of cost-benefit analysis is. Another area that I find objectionable.

Mr. RELL. This is far short of a benefit-cost analysis, Congressman. If one were to do a benefit-cost analysis, one would have to include the taxes paid on the wages earned, the transfer payments avoided, the incarceration costs avoided, and the like.

I would readily admit to you, Congressman, we made no attempt at a comprehensive benefit-cost assessment here. That is something that requires followup, longitudinal studies and the like. And we have such studies, as you know, for the overall Job Corps Program on a statistical sample basis.

It would be cost prohibitive to try to do that on an individual center basis. Our relevant decision here, being faced with Gramm-

Rudman and the closing of the centers, was to construct a system here that measured most directly as we possibly could, those relative costs and benefits of the centers that are directly attributable to the program.

Mr. JONES. I would also say to you, Congressman, that the operation unit cost that is here is the one that we have been dealing with with every committee of the Congress consistently. To change it would, in fact, be misleading at this point. We have dealt with the appropriations committees, the budget committees and this committee consistently with the definition and the makeup of that cost as it is projected here.

Mr. PERKINS. What advantage was allotted to those centers who own their own centers' property, and again, the first section of the cost per slot, what was that factored?

Mr. RELL. We considered that, Congressman, but in that those centers that we own, we obviously have no payment to anyone. Those centers that we lease, where we are paying money to lease someone else's facility, those costs were included in the operations cost per slot. And those centers suffered, you know, as a result of having to pay any lease costs.

Mr. PERKINS. So, how was that factored in, I still don't—

Mr. RELL. It is in the operations cost per slot.

Mr. PERKINS. What points were assigned for it?

Mr. JONES. It is part of the total cost calculation, ergo, then the points come.

Mr. PERKINS. I understand.

Mr. JONES. But it is factored against it.

Mr. PERKINS. All right.

Gentlemen, in terms of the amount of outside type of work which is done by the Federal centers versus those that are contracted out, do you have any figures that you can provide us in terms of the actual amount of work that is done, community type relations, fire-fighting, et cetera, by Federal centers versus the ones that are contracted out?

Mr. RELL. Congressman, the answer is no. We do not—the Agriculture and Interior Departments have traditionally collected that kind of information because it is a byproduct of the programs to their benefit. The very same kinds of projects are conducted by contracted centers in the communities. I have visited a number of firehouses that have been built, a number of community centers, old folks homes and the like. But we do not collect that as a matter of course, it is not part of the regular required recordkeeping system, simply because it is a byproduct of the program, not one of its direct functions, or of its direct costs, or its direct benefits.

Mr. PERKINS. Now, would that deal with the efficiency? Wouldn't that, again, be something that would deal with the actual efficiency of individual operations, in terms of the cost benefit to the community?

Mr. RELL. Oh, I think so, Congressman, but what we did here is the products generated, you know, as a byproduct of the vocational skills training are basically a function of the number of construction training slots that there are on each center. They are conducted by the very same union instructors, you know, in the Civilian Conservation Centers as they are in the contract centers, communi-

ty work is done. There is no reason to believe that a trainee in a carpentry slot at one center is going to be contributing more or less, in one center than in another, since they all engage in the same training, they all engage in the same kinds of projects.

Mr. PERKINS. So in terms though of the community operation and the things that are given to a community, that, again, is not factored into this study, that is the bottom line?

Mr. JONES. The vocational training aspects of it are, those things that are extraneous—firefighting, or flood control—

Mr. RELL. We didn't do firefighting and flood control, we did do the construction contribution, we did it uniformly for all centers on the average assessed—

Mr. PERKINS. I understand. I suggest that it would be an excellent idea if you are able to try to get the type of community activities that these centers are involved with, because I think it has a direct proportion, again, to the efficiency of the individual center. It, obviously, is going to increase overhead, to have the students there.

So, the other side of the coin, you have got to be giving some sort of credit for that. And under this ranking system, it is my understanding, that is not being done.

Mr. MARTINEZ. Answer that question, and then I have one question that I would like to ask, and then we will adjourn.

Mr. JONES. Yes, Mr. Chairman. That factor, you are correct, does contribute to the efficiency issue, and in the long-term longitudinal studies that look at the impact of savings of Job Corps, the other things that Pete mentioned to you, that is included. But to do so on a site-by-site basis, across the country, creates a whole data system you would have to do. And I do assure you, Congressman, that every one of your Job Corps centers is doing that, in a different arena, not firefighting, but flood control, or other things, wherever they are in the country. That is a major part of their community relations. We would agree.

Mr. MARTINEZ. Thank you, Mr. Perkins.

The question I have concerns the Federal centers that you operate that are scheduled for closing, are you in agreement with that closing?

Mr. ROBERTSON. Well, in the case of the Forest Service, we have three centers that are scheduled to be closed under the proposal out of the six. And it gets down, Mr. Chairman, to a question of budget. And we need to look at the overall program, and how we can fit within the overall budget, and some cuts have to be made somewhere.

Mr. MARTINEZ. Mr. Doddridge.

Mr. DODDRIDGE. Mr. Chairman, as far as the Interior Department is concerned, two of our centers are scheduled to be closed. We think that for the past few years in operating all of our Interior centers, we have been working with the Department of Labor, as best we can to cut costs and have cut costs significantly. We could just look at it from our perspective, you know, I really can't speak to the 100 other centers, but as far as budget is concerned, I don't think we can cut any further than we have already, as far as operating costs are concerned.

Mr. MARTINEZ. Let me ask you another question, should the costs of the benefits you get from Job Corps members—in fighting fires and providing services you would otherwise have to pay other people to do—should that cost have to be added into this, because it is not now, as I understand?

Mr. ROBERTSON. This is Leon Anderson, our Director of Human Resources.

Mr. ANDERSON. Mr. Chairman, we, for firefighting, we do pay enrollees. We have enrollees trained and they are in a vocational training area that is called, most of them, forestry technicians, and when they go on a fire, once they are trained, they go off of Job Corps payroll, and they go on what is called—well, for firefighting pay, FFF. But it is firefighting pay.

And having these people available and trained to fight forest fires—and being from California, you know what I am talking about—it is pretty important to the conservation agency to do that. We have about 1,000 corps members who are trained to do that.

Now, in the other areas where they are being trained and being placed in jobs in the Forest Service, in conservation activities that we are charged with, the responsibility in the Forest Service, timber stand improvement, recreation, rehabilitation and construction, trails and streams, wind and all of the other kinds of resource activities, then that is a byproduct of a training effort. And they come out of the training program, they get no pay, other than the Job Corps pay.

That is not at this present time included in that particular. We are only including the construction.

Mr. MARTINEZ. But you feel the other should be?

Mr. ANDERSON. Yes.

Mr. MARTINEZ. Thank you very much.

I want to thank you all for appearing today. I am afraid there are other members that still have questions they would like to submit in writing, and we would appreciate it if you would respond to those.

We thank you again, Mr. Jones.

Mr. JONES. Thank you, Mr. Chairman, we would be happy to answer any of the questions that you, Mr. Perkins, or anybody else has, and we will continue to meet with you, at your request at any time on this subject.

Mr. MARTINEZ. Thank you.

We are adjourned.

[Whereupon, at 2:12 p.m., the subcommittee was adjourned.]

[Material submitted for inclusion in the record follows:]

SECRETARY OF LABOR
WASHINGTON

June 24, 1966

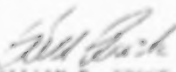
The Honorable Matthew G. Martinez
Chairman, Subcommittee on Employment
Opportunities
Committee on Education and Labor
House of Representatives
Washington, D. C. 205

Dear Mr. Chairman:

THANK YOU FOR YOUR LETTER OF JUNE 4 CONCERNING
specific questions concerning the Job Corps
program. We are pleased to have an opportunity to
respond to you and your colleagues in writing and
look forward to working with you in the future as
we move ahead to Job Corps II.

Our responses, which have been prepared in a
question and answer format, are enclosed. Should
you need additional information, please have a
member of your staff contact Peter E. Bell,
Director, Office of Job Corps, at 376-1113.

Very truly yours,


WILLIAM E. BROCK

WEB:gnh

Enclosures

Question: How much of the \$30 million currently available for FY'1986 construction and rehabilitation of Job Corps centers is designated to meet the needs identified as Category I (life safety), Category II (code violations), Category III (repair and replace), and Category IV (programmatic) (i.e. per-category breakdown)? What would be the impact of not proceeding with any Category III or Category IV projects until FY 1987?

Answer: Currently identified facility needs in our Program Year 1986 budget plan are as follows:

Category I:	\$ 2,674,212
Category II:	9,211,706
Category III:	15,921,010
Category IV:	3,485,909
Total:	31,292,837

Category III and IV projects could be deferred until FY 1987. This action, however, merely mortgages future appropriations, it does not result in any reduction in the underlying costs of the program. A deferral of these projects would actually increase program costs due to further deterioration and the effects of inflation. More importantly, any delays in facility improvements would require youth to live and learn in a less than adequate environment for an additional year, and further deterioration could potentially cause serious safety and health hazards for corpsmembers and staff.

- 2 -

Question: In your summary of Gramm-Rudman-Hollings reductions, you proposed reducing your budget for pilot/demonstration projects from \$17.6 million to \$12.3 million. What projects within the \$5 million reduction were scrapped? For those projects that constitute the remaining \$12.3 million, please provide a brief description, project objective, cost, starting date, estimated completion date, and overall impact on the Job Corps program if some or all of these projects were to be delayed a year.

Answer: No specific projects were eliminated by reducing the budget for pilot and demonstration projects from \$17.6 to \$12.3 million. We have solicited ideas for program innovation from all segments of the Job Corps community, and we have reviewed and classified them into categories which we believe have potential for increasing successful program outcomes and/or reducing program costs. No specific projects have been selected for implementation. A policy review group has been established to examine in detail those projects which appear to have maximum potential and to develop recommendations for project implementation.

The suggestions we have received for pilot and demonstration projects far exceeded our original planned budget of \$17.6 million. Reducing our planned expenditure in this area by approximately \$5 million will mean that we implement fewer of them. Once our policy review group has completed its review and projects have been selected for implementation, we will provide the Committee with a description, project objective, cost, starting date, and estimated completion date for each initiative.

Reducing the number of projects to be implemented, or delaying implementation for a year, would postpone our opportunity to test ideas, make improvements in the program and move forward to Job Corps II.

- 3 -

question: Do you give any credit in your study's performance system for the fact that CCC's corpsmembers are placed at a higher starting hourly wage?

Answer: The ranking system used to assess all 106 Job Corps centers on an overall basis did not include the hourly wage at placement for corpsmembers. Starting wages are primarily a reflection of the type of training provided. Corpsmembers from civilian conservation centers, which have proportionately more vocational training provided in the construction trades by unions, would be expected to have higher average starting wages.

- 4 -

Question: What is the total amount of man hours that the CCCs have in their efforts to fight the forest fires during this past year?

Answer: We cannot provide this information. The Department of Labor does not require the agencies to report this data since fire fighting is not a training and employment function.

Question: If this fire fighting work effort was measured against what it could cost state and federal governments if they had to fight fires without the Job Corpsmembers then wouldn't the overall cost per slot be a lower amount. With this lower cost per slot then the criticisms of the high cost of the Job Corps program would be addressed as well.

Answer: The Department of Labor does not measure the benefit of fire fighting efforts of corpsmembers against State and Federal Government costs of firefighting. Corpsmembers are paid for the work they do in fighting forest fires. While they are employed and serving on fire crews, we still incur center operating costs (i.e. we must continue to maintain facilities, equipment, and retain staff) with no direct benefit in education or training advancement for most of the employed corpsmembers in their chosen vocational training areas. This has the effect of lengthening the stay of corpsmembers needed to obtain the education (e.g. GED) and vocational skills necessary for placement in unsubsidized jobs. It reduces the number of corpsmembers that can be served successfully with one slot of program capacity and, thus, reduces the yield on resources invested.

- 6 -

Question: What are the projects that the CCC centers have been doing that have not been included in the Cost, Performance, or Community Contributions sections of the study? Since the CCC's projects are not mock-ups like the Contract centers then this must be a lengthy list.

Answer: All projects accomplished by civilian conservation centers were included. Most contract centers also conduct such projects; construction related training at contract centers was changed from extensive use of mock-up to hands-on vocational skills training 2 years ago.

- 7 -

Question: What is the present status of the Construction fund as of this date? What is the amount that has not been designated as of yet for this program year? Has the Labor Department been trying to designate these funds so that the Construction money would not be available as a fund to meet the Gramm-Rudman cuts?

Answer: \$30 million has been budgeted for construction and rehabilitation projects in Program Year 1986. Funds will not be available for obligation until July 1, 1986, the beginning of Program Year 1986. The Department has not been trying to designate construction funds so that they would not be available to meet Gramm-Rudman cuts. We have followed our normal annual planning process of identifying needed facility rehabilitation and repair so that work can begin when the funds become available. However, we do not plan to use any of the \$30 million to offset the Gramm-Rudman cuts by deferring construction and rehabilitation projects. Any such deferral would require corpsmembers to live and learn in less than satisfactory environments for an additional year, and could potentially cause serious safety and health hazards for corpsmembers and staff.

- 8 -

Question: I would like to have made available to the Committee all of the recent studies that examine the quality of the Job Corps and included in this I would like to see the study that is either a follow up to the Mathematica study or a second Mathematica study that includes a comparison of the Job Corps contract centers and the CCC centers.

Answer: Enclosed is a copy of the February 22, 1985, letter report of the National Research Council which focused on the findings of the Mathematica study. Also enclosed is a copy of the October 1985 Job Corps Process Analysis conducted by Macro Systems, Inc. under subcontract to Mathematica Policy Research, Inc. These are the most recent studies available on the Job Corps program. The Process Analysis includes information on the major components of the Job Corps program, and on center operating costs.

- 9 -

Question: How much money is needed to meet the Gramm-Rudman target if we keep the six centers open, and we use the other identified savings that you had on the previous hand-out given when you announced the closings?

Answer: If all of the other cost reductions were implemented, \$8.5 million would be required to keep the six centers open in Program Year 1986 and \$20.3 million would be required in Program Year 1987 to support ongoing costs. An information copy of the summary of PY 1986 Gramm-Ruoman-Hollings reductions, which reflects these figures, is enclosed.

ATTACHMENT 1

SUMMARY OF FY 86 GRANT-RUDMAN-MOLLINGS REDUCTIONS

	REDUCTIONS	
	FY 86	Ongoing
<u>1. OVERHEAD/SUPPORT COST REDUCTIONS</u>		
Streamline Property Management Support and A&E Procurement Process	\$ 0.6	\$ 0.6
Close Residential Living Staff Training Academy	0.8	0.8
Further Reduce Management Assistant and Staff Training (From \$3.3 to 1.8 m)	1.5	1.5
Redesign Industry Work Experience Placement Program	0.5	0.5
Subtotal -- Overhead/Support Reductions	3.4	3.4
<u>2. OTHER REDUCTIONS</u>		
Cancel San Jose JCC Relocation and Reduce 75 Slots	7.7	1.0
Close/Relocate Minneapolis BRAC Advanced Training Program	1.3	1.5
Reduce Cost of Operating CCCs (without contracting centers to the private sector)	1.3	1.3
Subtotal -- Other Reductions	<u>10.3</u>	<u>3.8</u>
Subtotal -- Overhead/Support/Other	13.7	7.2
<u>3. CENTER CLOSINGS</u>		
Close 6 centers (11/30/86)	6.5	20.3
Subtotal -- Center Closings	<u>6.5</u>	<u>20.3</u>
<u>4. ADDITIONAL ONE-TIME SAVINGS</u>		
Reduce Budget for Pilot/Demonstration Projects from \$17.6 to 12.3 m)	5.3	--
TOTAL	\$27.5	\$27.5

- 10 -

Question: There are very successful CCC centers that are now working in the system. Why can't you identify the reasons that they work and apply the same techniques to the low ranked CCC centers?

Answer: The Departments of Agriculture and Interior are constantly attempting to transfer successful approaches, techniques and staff from their better performing centers to their poorer centers. The Department of Labor tries to do the same thing for the 76 contract centers. With the contract centers, in addition to implementing specific program improvements, we have an opportunity to change center management through the competitive procurement process for center contract awards -- past performance is a factor in the competitive evaluation and selection process. This opportunity is not present with the civilian conservation centers, where the potential for management and staff changes is more severely restricted.

- 11 -

Question: In reviewing your "best of the worst" rating list I observed that the Montana centers administered by the USDA at Anaconda and Trapper Creek are rated 47th and 69th respectively. Somehow these centers survive your rating system and wind up in the middle of the pack. Why can't their efforts be replicated at other government run centers?

Answer: The Departments of Agriculture and Interior are constantly attempting to duplicate the success of their better centers to their poorer performing centers through transfers of ideas, techniques, and staff. The Department of Labor attempts to do the same thing for the 76 contract centers. At contract centers, in addition to implementing specific program improvements, we have the opportunity to change management through the competitive procurement process. Past performance of the offeror is one of the criteria used in the proposal evaluation process. The opportunity for management and staff changes at civilian conservation centers is more severely restricted, primarily due to the regulations and procedures governing Federal staffing.

Question: Your scoring system says that of the top twenty "worst" centers, eleven are administered by the Federal government. That's a 50:50 split within the normal error range of any system. One could conclude that the Federal government is as inept as the contractors by this scoring methodology. Can you provide a description to the Committee of the technical assistance provided by the Federal government to each of these twenty centers, highlighting those efforts at the six centers you intend to close?

Answer: The Departments of Agriculture and Interior provide regular, ongoing oversight and technical assistance to civilian conservation centers through their Regional/Bureau structures. The Department of Labor conducts annual reviews of the conservation centers, notifies the Agencies of any problems found, and requests a corrective action plan. Ongoing civilian conservation center monitoring is done by the Department of Labor, along with the Department of Agriculture or Interior. Oversight and technical assistance for contract centers is provided by Department of Labor Regional Offices who conduct annual reviews, monitoring trips, and award contracts for center operations.

The same type of assistance is provided to all centers, not just to the twenty "worst" centers. In addition to assistance provided during monitoring trips and center reviews, assistance is provided through staff training, center directors' conferences, etc. Centers which have performance or management problems are generally monitored with greater frequency. Where serious problems or deficiencies are identified, the Department of Labor conducts a special review.

Following is a summary of technical assistance efforts provided for the six centers designated for closure:

Mingo: During 1985, numerous monitoring trips were made by Department of Labor staff, resulting in several letters being sent to the Department of Interior regarding deficiencies in center operations, poor performance, reporting problems, etc. In response to continued operating and performance problems, a special review of the center was conducted in August 1985 from the national level. The Director of Job Corps, Congressman Branum's staff and Department of Interior officials visited the center to discuss problems evidenced by that review; corrective action plans were formulated and additional equipment purchases and staffing positions were authorized. Monitoring during 1986 revealed continuing problems in a number of areas. The Department of Interior plans to put a team on-site to supplement management and implement corrective actions.

Talking Leaves: Monitoring trips and the annual center review revealed continuing problems with center operations. The center was advised in writing on several occasions of their unacceptable performance against contract performance standards. The project manager, during monitoring visits, identified reasons for some of the performance shortfalls and recommended actions to be taken by the center to address them.

Frenchburg: Monitoring and technical assistance was provided by both the Departments of Agriculture and Labor during 1985. The education component subcontractor was changed due to poor performance, the center director was removed and another Forest Service center director detailed to Frenchburg to analyze problems and set up systems, and technical assistance was provided in education, group living, vocational skills training, and other programmatic areas. During 1986, a team was sent in to analyze problems, identify causes, and recommend corrective actions, and a new center director was hired.

Collbran: During 1985, the center was experiencing serious performance and retention problems, and the annual center review was conducted 4 months earlier than originally scheduled in an attempt to identify problems. A review team was selected which included Job Corps National Office staff who could provide on-site technical assistance in specific programmatic areas. Subsequent monitoring revealed continued poor performance and general unacceptability of the condition of the center. The 1986 annual review disclosed numerous repeat deficiencies. On-board strength and retention continued to be major problems. The Department of Labor held a conference with screening agencies and center officials to elicit greater participation and commitment from all parties, and made a determination that the center would receive all of its input from the State of Colorado in an attempt to address these problems.

Curlew: The center experienced serious management, operational and performance problems over the last few years. Monitoring trips and annual reviews revealed continuing problems with operations in spite of technical assistance provided by both the Department of Labor and the Department of Agriculture. Agriculture replaced the Center Director in 1985 in an attempt to remedy continuing management and operational problems.

Angell: Monitoring trips and annual center reviews disclosed serious management and operational problems. These problems reached such serious proportions that the Department of Labor threatened to shut-off the input of new enrollees to the center, technical assistance was provided by the Department of Labor and by the Department of Agriculture, and Agriculture replaced the center director in 1985 to address problems stemming from poor management.

- 14 -

Question: Given that the House of Representatives has already stated its position regarding maintaining slot levels and prohibiting the closing of centers and that the Senate is likely to follow suit, what are the Administration's current plans regarding the closing of centers?

Answer: We believe that closing of the six centers identified is the most appropriate course of action. In any system, attention should be focused on the bottom, or end of the list. We think that we can do better in maximizing services at better performing centers. This approach is less costly, and will enable us to serve more youth. More importantly, corpsmembers assigned to better performing centers are more likely to be successful by receiving quality training in a good environment.

- 15 -

Question: How much money is necessary to maintain current slot levels and keep all centers open in Program Year 1986? In Program Year 1987?

Answer: \$8.5 million would be required to keep the six centers designated for closure open during Program Year 1986, and \$20.3 million would be required to keep them open in Program Year 1987.

- 16 -

Question: How much money does it cost to close each of the six centers on your "hit" list?

Answer: The following are our estimated center closing costs. The figures include severance pay, lump-sum leave settlements, unemployment insurance payments; facility security; inventory of equipment and materials, and transporting of equipment to other centers.

<u>Center</u>	<u>Estimated Close-out</u>
Mingo	\$890,000
Talking Leaves	379,000
Frenchburg	890,000
Collbran	890,000
Curlew	890,000
Angell	890,000

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Question: In the last two program years, how much money was appropriated, obligated and spent on the construction and renovation needs of the Job Corps in each of the following four categories: 1) life, safety and health; 2) code violations; 3) repair and replacement; and 4) programmatic?

Answer: With a few exceptions, Job Corps appropriations do not specifically earmark funds for the acquisition, construction or renovation of facilities. The amount of each year's appropriation that is budgeted for these purposes is determined administratively by the Department of Labor. The amounts thus budgeted in FY 1984 and FY 1985 are as follows:

(\$ in Millions)	FY 1984 Regular	FY 1985 Supplemental	PY 1985	Total
Life/Safety	24.1	4.9	8.8	37.8
Code Violation	-	15.1	2.7	17.8
Repair/Replace	-	-	3.1	3.1
Programmatic	-	-	0.1	0.1
Emergency*	3.0	-	3.0	6.0
Total	27.1	20.0	17.7	64.8

*Emergency renovations fall predominantly in the Life/Safety category.

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As to obligations and costs, there is little practical distinction between the two terms. In tracking the implementation of our construction budget, we focus on obligations -- which signifies that the work has been put under contract. While our budget tracking mechanisms do not provide a ready break-out of obligations into the priority categories identified above, it is a fair general proposition to say that nearly all work budgeted is put under contract and that the amounts of these contracts tend to be very close to the amounts budgeted.

It should also be pointed out that a procurement lag time is to be expected between the time work is budgeted and the time it is put under contract. Indeed, this lag time can extend to 12 months and beyond if design work is needed before the construction can be put out for bid. It is normal, in this regard, for work that is budgeted in one program year to be put under contract in a following program year. It should be noted, here, that the Department uses appropriate fiscal management procedures to ensure the availability of funds to cover obligations when they do not occur until a succeeding program year. In other words, if certain work is budgeted in one program year, there will be funds for the contract even though it is not received until the next program year.

The obligations, that were made in PY 1984 and which we estimated for PY 1985 are as follows:

PY 1984	\$19.6 million (actual)
PY 1985	\$24.0 million (estimate)

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Question: In the last two program years, how much money was obligated and spent on construction and renovation on each of the six centers being closed?

Answer: As indicated previously, there is little practical distinction between obligations and costs. The obligations made for construction and renovation at the six centers designated for closing were as follows:

	<u>PY 1984</u>	<u>PY 1985 (estimate)</u>
Talking Leaves	\$ 87,498	0
Angell	51,689	\$212,527
Curlew	240,646	51,784
Frenchburg	47,770	1,770
Collbran	58,590	105,454
Mingo	\$131,000	\$118,962

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Question: Section 433(a)(4) required the Secretary to report to Congress, "including a full description of progress made in connection with combined residential and nonresidential projects." Mr. Secretary, has such a report been filed?

Answer: A status report on residential/nonresidential projects was included in the Department of Labor Annual Report for Fiscal Year 1985. An updated report will be incorporated in the 1986 Training and Employment Report, which is currently being prepared.

question: Section 437(a) requires the Secretary to take steps to achieve an enrollment of 50% women in the Job Corps. What has been the enrollment rates of women in the Job Corps in the last four years? Why have these rates decreased under this Administration?

Answer: Female enrollment levels have fluctuated slightly, increasing marginally during 1981-1983, and decreasing slightly during 1984-1986. Job Corps has traditionally experienced problems in recruiting enough females to maintain enrollment at design capacity. We have tried to address this problem -- supplemental recruitment contracts for females only have been awarded, we have changed vocational offerings at most centers in an attempt to make them more attractive to females, we began enrolling females at Marsing (formerly an all male center), and we have increased design capacity to accommodate more females whenever major construction and rehabilitation work was planned. In August of 1985, we convened a national outreach/screening conference, and one of the major issues addressed was female recruitment. A number of suggestions for making Job Corps more appealing to young women were made which we are presently implementing.

Question: When the Department considers the costs associated with operating Job Corps, does it factor into the equation the monetary value of the work done by corpsmembers on public lands, in fighting fires, and in their communities?

Answer: Work done by corpsmembers on public lands and in their communities has been factored into the ranking system under vocational skills training contributions. This evaluation factor was included to offset the higher costs associated with centers which rely heavily on construction trades training provided by unions which provide the primary basis for work done on public lands and in local communities. No attempt was made to assess and incorporate the value of corpsmembers' fire fighting efforts; the Department of Labor does not collect this information since it is not part of the regular Job Corps training program, has no direct programmatic benefit and increases unit costs.

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Question: In your summary of the FY 86 Gramm-Rudman-Hollings reductions, you list an additional one time savings which reduces the budget for pilot/demonstration projects from \$17.6 million to \$12.3 million. Couldn't this money be better utilized by keeping the existing centers in operation rather than establishing demonstration projects?

Also, are these pilot/demonstration projects the same as your proposed Job Corps II initiative? If not, how do you propose to pay for Job Corps II?

Answer: The pilot/demonstration projects are intended to identify ways to increase successful program outcomes and reduce costs -- they are the vehicle for getting to Job Corps II. We believe it is essential that these projects be implemented to assist us in developing program improvements designed to maximize service delivery with available resources. Using the funds designated for pilot and demonstration projects to keep centers open will postpone our opportunity to test new ideas, make improvements and move to Job Corps II.

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Question: The Department has maintained that it is not its intent to phase out the Job Corps program. Yet, the Administration's budget requests have contradicted this statement. What assurances can you provide to the Committee that the Department won't come back to us again next year seeking to close additional centers?

Also, what kinds of technical assistance have you provided to those centers which are slated for closure and what kinds of technical assistance are you providing for the centers which have not fared well on your analysis?

Answer: We believe that Job Corps is a good program which has been successful in serving many disadvantaged youth. Our concern with the high operating cost of the program, and the need for fiscal constraints, is well known. While we continue to look at Job Corps as a viable program for serving unemployed, disadvantaged youth, we are not prepared at this point to make any statement regarding future center closings. It is too early in the Fiscal Year 1988 budget process to address specific trade-offs among programs in light of fiscal constraints.

Following is a summary of technical assistance efforts provided for the six centers designated for closure:

Mingo: During 1985, numerous monitoring trips were made by Department of Labor staff, resulting in several letters being sent to the Department of Interior regarding deficiencies in center operations, poor performance, reporting problems, etc. In response to continued operating and performance problems, a special review of the center was conducted in August 1985 from the national level. The Director of Job Corps, Congressman Braum's staff and Department of Interior officials visited the center to discuss problems evidenced by that review; corrective action plans were formulated and additional equipment purchases and staffing positions were authorized. Monitoring during 1986 revealed continuing problems in a number of areas. The Department of Interior plans to put a team on-site to supplement management and implement corrective actions.

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Centers are provided technical assistance during monitoring trips and on-site annual reviews, and follow-up reviews to determine the status of center corrective plans; through staff training and at center directors' conferences held annually in each region. Centers which have serious management or operational problems are monitored with greater frequency.

NATIONAL RESEARCH COUNCIL
COMMISSION ON BEHAVIORAL AND SOCIAL SCIENCES AND EDUCATION
210 Constitution Avenue Washington D.C. 20418

COMMITTEE ON YOUTH EMPLOYMENT PROGRAMS

(202) 334-2668

February 22, 1985

Mr. Frank Casillas
Assistant Secretary for Employment
and Training
U.S. Department of Labor
200 Constitution Ave., N.W., Rm. S2307
Washington, D.C. 20210

RECEIVED
MAR 23 1985

Dear Mr. Casillas:

In 1983 the U.S. Department of Labor requested that the National Research Council undertake a study of youth employment and training programs, focusing in particular on the programs developed and carried out under the Youth Employment and Demonstration Projects Act between 1977 and 1981. In response to that request the Committee on Youth Employment Programs was established in October 1983. (A list of committee members is attached.) Our charge was to:

- o Review what is known about the effectiveness of the principal types of YEDPA programs;
- o Assess existing knowledge regarding the implementation of youth employment programs;
- o Evaluate the YEDPA research strategy;
- o Summarize the lessons learned from YEDPA for future policy development and program implementation.

This report is in response to a request from Dr. Fred Pomeroy, Administrator, Office of Strategic Planning and Policy Development, for any information the Committee can provide at this time regarding the effectiveness of youth labor market programs, especially the Job Corps Program. Although its evaluation of other youth programs is still in process, the Committee on Youth Employment Programs is able to offer its assessment of the Job Corps based on the best evaluation evidence available.

The Committee's findings with regard to the Job Corps are part of an ongoing comprehensive review and study of youth employment problems and programs (as indicated in the mission statement). We are able to report our conclusions regarding the Job Corps because it stands out clearly as a program for which there is strong evidence regarding effectiveness: there are few other evaluations of youth programs from which the committee can draw conclusions about effectiveness with such confidence.

A principal point emerging from our review of the nature of youth employment problems is that these problems are particularly severe for school dropouts, and especially for black and Hispanic youth. For example, in October 1983, when unemployment rates among adult white males (age 15 to 44) averaged 5.2 percent, the unemployment rates for male and female 16- to 19-year-old school dropouts were 29 percent for whites, 31 percent for Hispanics, and 57 percent for blacks. It is noteworthy that the enrollees in the Job Corps have been predominantly from this group: minority group school dropouts.

The Job Corps is in many respects unique. It is distinguished by the population it serves, the comprehensive nature of the services it offers, its stability as a program, and the quality of the evaluation that is available on it. We note that these last two points are probably not unrelated. The Job Corps serves a severely disadvantaged population: about 90 percent of the Job Corps enrollees were either from households below the poverty line or receiving welfare benefits; more than 75 percent were minorities. Furthermore, despite the fact that the median age of Job Corps enrollees was about 18, their median reading levels were at or below the 6th grade level. The Job Corps is run in a residential setting, and provides a combination of services that include health care, basic skills instruction, skills training, and counseling. The Job Corps has existed for 20 years; few programs have had such stability. The program is currently serving about 102,000 youths per year in 41,000 slots; i.e., enrollees averaged just under 5 months participation. At the time of the evaluation we reviewed, about 70,000 participants were being served per year.

Although the Job Corps has been substantially modified since it was first established in 1964, most evaluations of the program prior to the study by Mathematica were based on the experiences of those who participated in the Job Corps during the mid-1960s. A series of surveys by Louis Harris and Associates served as the primary data source for researchers attempting to estimate the impact of the Job Corps. These early studies had conflicting findings. For example, one study (Cain, 1968) found that participants earned \$188 to \$160 per year more than "no-shows" (those who enrolled but never participated) 6-months post-program. Another study (Woltman and Walton, 1968) found no significant difference between the earnings of the Job Corps enrollees and early termines (those who remained in the program less than three months) 18 months after participation. Taken together, these early findings suggested that Job Corps had a short-term impact that decayed (faded) fairly quickly (Goldstein, 1972).

The evaluation study by Mathematica (Mallar et al., 1982) that the committee reviewed was the most extensive and sophisticated of the studies of the Job Corps undertaken over the years. Unlike most evaluations of other youth employment programs that the Committee reviewed, this study:

- a. Was based on a large sample of program participants (2,800) and nonparticipants (1,100) who were similar in most respects to Job Corps participants. The nonparticipants were youth eligible for the Job Corps residing in geographic areas where the Job Corps enrollment was low.

- b. Gathered data on the participant and comparison groups for a reasonably long time after the program so that it was possible to establish the degree to which post-program effects exist and persist or decay. The third follow-up interview was conducted 42 to 54 months after the program period.
- c. Had low rates of attrition in the follow-up samples of participant and comparison group members. The third follow-up survey was completed by 70 percent of those who completed the original baseline questionnaire, 65 percent of participants and 75 percent of comparison group members.
- d. Took measurements on a wide variety of factors that could be affected by, or affect, the Job Corps experience, including: educational attainment, the value of economic production by Job Corps participants, receipt of welfare and other transfers, the extent of criminal activity, unemployment rates, employment rates, hours worked, and wage rates.
- e. Used a comparison group methodology in a way that was as careful and technically sound as the state of the art permits.

The study also took careful accounting of full program costs and included an extensive cost-benefit analysis.

The essential finding of the evaluation is that the Job Corps "works." In particular:

- a. On average, participants in the Job Corps were employed about 3 weeks per year (13 percent) more than nonparticipants up to 3-1/2 years post-program, and their earnings gains after leaving the Job Corps were estimated to be \$567 per year higher in 1977 dollars (28 percent) for enrollees than they would have been in the absence of the Job Corps experience. The amount of time that Job Corps enrollees received cash welfare or unemployment compensation benefits was lower by 2 weeks per year and 1 week per year, respectively, compared with nonparticipants.
- b. The educational attainment of participants increased substantially while they were in the Job Corps: the probability that enrollees would receive a high school diploma or its equivalent (GED) within the first six months after leaving the Job Corps was .24 for enrollees compared with .05 for comparison group members.
- c. Overall, the health of the Job Corps participants was better than that of nonparticipants after the program: participants reported about 1 week less per year of serious health problems.
- d. Criminal activity, as indicated by rates of arrest, were significantly lower for participants during the period of the program, and after leaving the program they had fewer arrests for serious crimes than nonparticipants.
- e. After an initial 6-month period post-program when enrollees fared worse than the comparison group in terms of employment and earnings, the aggregate positive effects of the Job Corps persisted at a relatively stable rate throughout the 4-year follow-up period. This outcome suggests that the main effects of the Job Corps do not stem from job placement.

We note that these overall effectiveness estimates included all participants, early leavers as well as those who followed the Job Corps course to completion.

Furthermore, when the benefits and costs of the program were estimated--in the study's quite detailed and sophisticated benefit-cost analysis--it was found that from the view of society as a whole, the net present value of benefits exceeded costs by \$2,300 per enrollee (in 1977 dollars). From the view of participants, benefits exceeded costs by \$2,400 on average. In the case of nonparticipants (i.e., private benefits and costs) a net cost of \$115 per enrollee was incurred, representing a net redistribution of resources from nonparticipants to the Job Corps participants.

The estimated benefit-cost difference is particularly sensitive to the assumptions regarding the magnitude of the effect of the program in reducing crime. However, even when it is assumed that there are no post-program crime reduction benefits, the net present value of the program to society is still positive, about \$500 per enrollee.

The committee has some remaining reservations about the Job Corps evaluation that are largely technical in nature. While the analysts appear to have done a thorough job in attempting to correct for any bias in the estimated effects, the lack of randomly assigned treatment and control groups leaves open the possibility that some amount of self-selection bias may exist. In addition, we do not have sufficiently detailed evidence that allows us to "unbundle" the elements of the Job Corps program and determine whether (or for whom) the residential element of the program is critical; whether the health component is essential; and whether the skills training offered adds to any effects that the basic education elements may have created--or vice versa.

On the basis of our review, the committee concludes that the Job Corps serves a significant portion of the disadvantaged population effectively and that society receives a reasonable return on the resources it invests in this program. Given the residential nature of the program, the fact that centers are for the most part in rural areas (many are located at former military bases), and the cost, it is not surprising that the Job Corps serves a relatively small proportion of all youths. What is of major importance is that the Job Corps appears to effectively serve those among the disadvantaged population who have been provided the opportunity to enroll.

Very truly yours,

Robinson B. Hollister Jr.

Robinson Hollister, Chair
Committee on Youth Employment
Programs

cc: Patrick O'Keefe
Fred Romero

- 2 -

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NATIONAL RESEARCH COUNCIL

COMMISSION ON BEHAVIORAL AND SOCIAL SCIENCES AND EDUCATION

COMMITTEE ON YOUTH EMPLOYMENT PROGRAMS

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- ✓ CHARLES L. BETSEY, Study Director
- MARY R. PAFAGEORGIOU, Research Associate
- CHARLES F. TURNER, Senior Research Associate

WRITTEN TESTIMONY BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES

EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE

APRIL 22, 1986

Bruce Lee

UAW Region 5 Director

UAW-LETG President

Thank you for the privilege of submitting this written testimony to your fine committee, in support of the National Job Corps Program.

We, in the UAW know first hand the success of Job Corps. Study upon study has proven that Job Corps is the most cost-effective of social programs in our history. A mathematical study made in 1985 by Dr. Bruce Baird of the University of Utah, showed that Job Corps returns \$1.38 to the U.S. Treasury, in only three years, for each \$1.00 invested by the Federal Government. The UAW chooses to look far beyond the dollars saved. The UAW is a Union that believes in justice, equality and the dignity of mankind.

With this in mind, the UAW became part of the Job Corps system in early 1978. We started the UAW/Advanced Automotive Training Program located in Clearfield, Utah. Since then, our program has sent approximately 300 young people a year onto jobs throughout the United States----armed with the specialized automotive repair skills, the work ethics, and the social skills to gain and maintain meaningful employment.

In fact, since 1983 our UAW/Advanced Automotive Training Program has placed onto jobs, 100% of our students who stayed with their training 90 days or more. This training and later employment has given these thousands of underprivileged young people the dignity, equality and justice that had previously escaped them.

Our program is truly a national program. Our students come to us from all over the United States and are placed onto jobs across the Nation.

Our International Union has supported the Job Corps from its inception. No other program has been subjected to the reviews, audits and threats of extinction as has Job Corps. Yet, no other program has fulfilled its primary goal as successfully; namely the training and completing of Educational requirements of our underprivileged youth.

National Job Corps is very cost-effective, but can a value really be placed on the savings, in terms of human suffering or the savings in dollars spent on crime or incarceration, by the very existence of Job Corps.

The theory that budget cuts should be made across the board falls apart when one considers the repercussions to our society over the long run. The future of this country lies with our young.

WRITTEN TESTIMONY BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES
EMPLOYMENT OPPORTUNITIES SUBCOMMITTEE
APRIL 22, 1966

Page 2

The future success of our national industry lies with the providing of entry level young workers who possess the basic educational and training skills to meet the needs of new jobs.

Job Corps, more than any other existing program is living proof that American Industry, the Government and Labor Union can, in full co-operation, work successfully toward a common goal for the young people of our nation----young people who will be the future of these co-operative parties.

I appeal to the Committee and to the Congress to support the Job Corps program. The Program has proven itself time and time again. Additional funding is needed, not less.

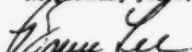
At a time when youth employment stands at 18.8 percent and unemployment among our national black youth is at a staggering 42.7 percent----can less be done?

I urge the committee to consider the ramifications if cuts to the Job Corps become a reality.

It is the UAW position that the Job Corps Program has served this country well and is deserving of an increased budget. We know it is not deserving of cuts.

Twenty years of success should be joined with many more.

Respectfully yours,


Bruce Lee

TOWN OF COLLBRAN

217 ELM STREET

COLLBRAN, COLORADO 81624

May 12, 1986

RECEIVED

The Honorable Ronald Reagan
 President of the United States
 The White House
 Washington, D.C. 20510

MAY 21 1986

SUBCOMMITTEE ON
EMPLOYMENT OPPORTUNITIES

Dear President Reagan,

It has been brought to our attention that the Job Corps Center in Collbran, Colorado, could be closed sometime between June 30 and November 30, 1986. The area of Plateau Valley, which includes Collbran, Mesa, Molina and Plateau City, is totally involved with Job Corps economically. This closure will mean total disaster to the area's businesses, which are already in a state of depression due to the collapse of the energy industry on the Western Slope. Our whole area has been dependent on the Job Corps Center to help keep our heads above water during this time.

The Center has many students, both men and women, from Colorado, who have come to better themselves by obtaining an education (G.E.D.) and a job skill through the many training programs available to them through the Job Corps. We feel that any closure will hamper the young people who need our help in getting off the welfare rolls and becoming productive citizens in our society. This is the only Job Corps Center or youth-type training facility in Colorado that aids young people who want help in straightening out their lives and becoming good citizens.

Not only do the students get their G.E.D. and learn skills, but they have also done several hundred thousand dollars worth of projects for the Department of Labor, Bureau of Reclamation, the Colorado Department of Wildlife, and in the communities around the Center including Grand Junction. Also, the Center has been modernized from a trailer-house facility into a beautiful landmark for our area with permanent buildings. Many of the projects shown on the attached list would never have materialized if the Job Corps Center had not helped keep costs down by using staff and students skills to complete them.

We strongly request that you help us fight the closure of this Center. Many of our Colorado citizens are relying on Job Corps, and we need to maintain it and keep it productive so that the young people of our state will have a second chance to join the mainstream of society. We would be delighted to have you come and visit the Center to see why we feel it should be kept in operation.

Respectfully,

Rudy P. Skrbina
 Mayor, Town of Collbran

RPS/lr

PREPARED STATEMENT OF HON. BILL EMERSON A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF MISSOURI

Mr. Chairman, I want to express my extreme disappointment in the proposal of the Administration to close certain Job Corps centers across the country and my pleasure with the recent vote of the House to use construction funds to prevent those closings. If the Administration's proposal were permitted to take effect, it would completely thwart the will of the Congress, which has voted to fully fund these centers this year.

These Job Corps centers provide job training for a large number of youths for whom the center is their only hope to receive valuable employment training. For many, this is their last chance to become productive citizens. We know that our failure to help these young people make it on their own will result in their dependence on the welfare system or, worse yet, they will be led into a life of crime and become a burden to society in a penal institution.

In the rural Eighth District of Missouri, the Mingo Job Corps is located in an area which is currently suffering from high unemployment. All of the centers pro-

posed for closing were in rural areas, similar in character to the area served by Mingo. This is neither fair to rural areas nor is it a wise policy. The problem has been solved at least temporarily, but it is likely that the war has not yet been won. I urge the Subcommittee on Employment Opportunities to continue to defend the Job Corps program aggressively. I pledge all the assistance I can give to that effort.

PREPARED STATEMENT OF HON. MITCH MCCONNELL, A U.S. SENATOR FROM THE STATE OF KENTUCKY

My statement is in support of the Job Corps program as one of the most significant programs to help disadvantaged youth. I am in complete agreement with the concept of keeping all Centers open for the remainder of the program year as well as in the future. I fully believe that adequate resources exist to keep all of the Centers open until FY 87 funding is available.

Kentucky is one of the states affected by the Department of Labor's decision to close six Job Corps Centers. In Kentucky, the Job Corps Centers not only provide much needed training for disadvantaged youth, but they also provide jobs and income to the community in which they are located. In the case of the Frenchburg Center in Menifee County in Eastern Kentucky, which is scheduled to be closed, there are approximately 60 people employed at the Center. These are extremely important jobs in an Appalachian county which had a recent unemployment rate of 23.5%. In addition, the Center spends over \$2 million in the county. Our other five Centers are equally significant to the state and need to remain open.

Job Corps has proven its usefulness and both the Senate and House have shown their support for the program in the FY 87 Budget proposal. To close centers when funding has been approved is short sighted and inappropriate. It is my hope that the Department of Labor will reconsider their decisions and keep all of the Centers operating at capacity.



May 15, 1986

MR. CHAIRMAN:

I HAVE SOME VERY SERIOUS CONCERNS ABOUT THE DEPARTMENT OF LABOR'S RECENT DECISION TO CLOSE SIX JOB CORPS CENTERS INCLUDING THE TALKING LEAVES CENTER IN TAHLEQUAH, OKLAHOMA. I WAS VERY DISAPPOINTED TO SEE THE DEPARTMENT OF LABOR CHOOSE TO CLOSE DOWN ONE OF ONLY TWO JOB CORPS CENTERS DEVOTED TO TRAINING AMERICAN INDIANS.

THE FOCUS OF OUR JOB TRAINING PROGRAMS SHOULD ALWAYS BE ON TRAINING THE DISADVANTAGED TO BECOME MORE PRODUCTIVE MEMBERS OF OUR COMMUNITIES. THE TALKING LEAVES CENTER IS LOCATED IN ONE OF OUR NATION'S MOST ECONOMICALLY DISADVANTAGED REGIONS. THE MOST RECENT UNEMPLOYMENT FIGURES FOR THE SURROUNDING SIX COUNTIES EXCEED 10 PERCENT. THIS CENTER HAS ENABLED MANY RESIDENTS OF NORTHEASTERN OKLAHOMA TO BECOME CONTRIBUTING MEMBERS OF SOCIETY. IT WOULD BE A TRAGEDY FOR CHEROKEE TRIBE AND THE PEOPLE OF NORTHEAST OKLAHOMA TO LOSE THIS VALUABLE ASSET.

WITHOUT A DOUBT THE METHODOLOGY USED BY THE DEPARTMENT OF LABOR TO ANALYZE THE 106 JOB CORPS CENTERS IS QUESTIONABLE. FOR EXAMPLE, ONE OF THE PRIME FACTORS IN THIS ANALYSIS IS LOCATION. ACCORDING TO THE DEPARTMENT, TALKING LEAVES IS NOT LOCATED "CLOSE TO ANY SUBSTANTIAL LOCAL CONCENTRATION OF POVERTY YOUTH".

TALKING LEAVES STATEMENT

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MR. CHAIRMAN, THE ANALYSTS AT THE DEPARTMENT OF LABOR EITHER HAVE NEVER VISITED RURAL CHEROKEE COUNTY, AND SEEN THE LOCAL POVERTY, OR THEY DO NOT REALIZE THAT VERY LITTLE IN OKLAHOMA IS LOCATED CLOSE TO "SUBSTANTIAL CONCENTRATIONS" OF POPULATION. IN SHORT MR. CHAIRMAN, THIS ANALYSIS FAILS TO ACCURATELY ASSESS THE IMPACT THE TALKING LEAVES JOB CORPS CENTER HAS HAD ON NORTHEASTERN OKLAHOMA.

I WOULD URGE THE MEMBERS OF THIS COMMITTEE TO LISTEN VERY CAREFULLY TO WHAT WILMA HANKILLER, PRINCIPAL CHIEF OF THE CHEROKEES, HAS TO SAY ABOUT THE TALKING LEAVES CENTER. AFTER REFLECTING ON HER TESTIMONY I FEEL CERTAIN YOU WILL HAVE A MUCH GREATER APPRECIATION FOR WHAT THE TALKING LEAVES CENTER MEANS TO THE PEOPLE OF NORTHEASTERN OKLAHOMA THAN DOES THE DEPARTMENT OF LABOR.

PREPARED STATEMENT OF HON. THOMAS S. FOLEY, A REPRESENTATIVE IN CONGRESS
FROM THE STATE OF WASHINGTON

My Dear Mr. Chairman and distinguished Subcommittee Members- I would like to add my voice to those who have already spoken out against the Department of Labor's plan to close six Job Corps Centers across the Nation including the Curlew Job Corps Center which is located in my District.

From personal experience I can say that the Curlew Center operates a highly successful and outstanding program which is broadly supported and respected by the surrounding Community. Over the 21 years the Center has been in operation it has helped thousands of disadvantaged young persons to successfully receive a GED diploma and be trained for productive employment. As part of their training, these young persons have been involved in countless community construction and repair projects which have benefited the surrounding towns long after these trainees graduated.

Significantly in recognition of its achievement, last year the Curlew Center received a Superior Performance commendation from the U.S. Department of Labor and a Forest Service award citing the outstanding integration of community resources with its programs. Within the Job Corps Community, the Curlew Center has also become well known for initiating innovative programs including: para-professional training for residential staff; a model substance abuse program; computer training; and the establishment of important links with area colleges and universities and Job Training Partnership Act efforts.

Like the 186 other Job Corps Centers across the country, the Curlew Center has proven to be effective, consistently maintaining superior placement and retention rates. The record clearly shows that for every \$1 the Government invests in Job Corps Centers, the return is \$1.45 in tax revenues. Moreover, several years ago, the Joint Committee on Economics compiled a broad range of studies conducted in and out of the Government which overwhelmingly praised the Job Corps Centers and rated them a success.

Given the outstanding record achieved by the Curlew Center and the other Job Corps Centers across the country and the fact that youth unemployment remains unacceptably high, this is certainly no time to close the targeted Centers. We must do what we can to see this does not occur and I will certainly continue to work to that end.

PREPARED STATEMENT OF HON. LES AU COIN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF OREGON

Congressman Martinez, Congressman Perkins, members of the
Subcommittee:

I commend you for holding this hearing. It's clear that Congress needs to take a long, hard look at the Department of Labor plan to close six Job Corps Centers.

Labor Department spokesmen claim that closing Centers is the only way they can make a \$27 million budget cut called for by Gramm-Rudman. That's not so.

Gramm-Rudman isn't the reason the Department is trying to close six Job Corps Centers -- it's just the latest excuse.

For the past five years, the Department of Labor has been working overtime to gut the Job Corps. The Department's budget request for 1987 called for a 50% reduction in training slots as well as an additional \$160 million cut above and beyond the Gramm-Rudman target this year.

Today, even as the Department of Labor threatens to board up six training centers, it's holding on to a \$12 million kitty for "experimental" Job Corps projects.

The powers-that-be inside the Department have also mixed all suggestions to make a one-time-only cut in the \$30 million Job Corps construction budget.

The Department of Labor should be trying to save existing, effective programs, not start new experiments -- and losing experienced, dedicated staff.

Mr. Chairman, eliminating Centers should be at the bottom of the options list for another reason -- it costs a lot of money. In fact, it will cost nearly \$1 million to put these Centers out of business when the Department has other alternatives that don't have up-front costs.

Because it's clear the Department has other alternatives to meet the Gramm-Rudman target, I worked with other members of the House last week to pass an amendment to the Fiscal Year 1986 Supplemental Appropriations bill prohibiting Center closings. I'd like to commend Congressman Perkins and Congressman Williams for their strong leadership in this regard.

You know, I just don't understand why the Department of Labor has a grudge against the Job Corps. The Job Corps is a solid, successful program. An independent audit commissioned in 1983 showed that the Job Corps returns \$1.42 to the federal Treasury for every \$1 spent.

The Job Corps is the only federal program providing education, training and residential care for disadvantaged young people. In states like Oregon, which still has pockets of double-digit unemployment, there aren't enough Job Corps slots to meet current need.

Instead of cutting 1200 training slots, the Department of Labor should be looking for a creative way to meet the Gramm-Rudman target without closing Centers.

And, Mr. Chairman, after looking at the Centers on the hit list, I have an even harder time understanding the Department of Labor decision.

The Angell Job Corps Center, located in Oregon's First Congressional District, is one of the Centers the Department of Labor wants to close. In the twenty years it's been open, the Angell Center has trained 10,000 young people in eight educational-vocational programs.

Currently serving 220 disadvantaged young people from Oregon, Alaska and Washington, the Angell Center has a graduation rate of 70% and a job placement rate well above 90%. In 1984, students in the Angell program completed \$1 million worth of construction in federal forests in Oregon. Last year, they put the finishing touches on a new library in Yachats, Oregon -- a library that wouldn't have been built without Center assistance.

Yet, according to the Department of Labor, the Angell Center is a failure. If it's a failure, we need a few more like it.

As one who voted for Gramm-Rudman, I'd be the last to suggest that Congress exempt the Job Corps from this law. But, we don't need to. The Job Corps can absorb this \$27 million cut without forcing 1200 needy kids onto the street.

That will continue to be my goal.